FINANCIAL TIMES

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UK and Germany warn of dangers if trade talks fail

Britain and Germany warned that failure to reach agreement on the Uruguay Round of trade talks on December 15 would have "intolerable" consequences for the developing world. It would perpetuate recession in western Europe and lead to protectionist measures. Page 18

Petrochemicals agreement near: Europe's petrochemicals industry is close to agreeing plans aimed at reducing losses running at hundreds of millions of dollars a month. Page 18

Four-day week at VW: Volkswagen and the IG Metall engineering union agreed a framework deal to cut working times in VW's six German works by 20 per cent temporarily, but gave strikingly different views on how it would affect wages and costs. Page 18

Novelist Anthony Burgess dies at 76:

Anthony Burgess, one of Britain's greatest and most prolific writers, died in London aged 76 after a long illness. He had been suffering from cancer. Burgess, author of the controversial novel *A Clockwork Orange*, wrote more than 50 works of fiction, theatre, television drama and criticism. He was also a composer, translator, linguist and Joycean critic. Obituary, Page 15

Japanese bank profits fall: Japan's leading banks reported sharply lower profits as the level of problem loans continued to rise, forcing them into the unusual step of writing off loan losses. Page 18

Commerzbank rises 52 per cent: Commerzbank, the smallest of Germany's big three banks, reported a 52 per cent rise in operating profits to DM909m ($538m) in the 10 months ended October. Page 18

Spain's unions march: Spain's two biggest unions staged marches in 50 Spanish cities against the government's economic policy. Some 40,000 were estimated to have marched in Madrid and nearly 60,000 in Barcelona. Page 3

Euro Disney turbulence: Euro Disney, the troubled leisure group, had another turbulent session on the Paris stock market when its shares fell sharply by 13 per cent during the morning only to bounce back in the afternoon to close 8 per cent higher. Page 20

Shanghai contract for Japanese: A consortium of seven Japanese companies has won a contract worth an estimated $500m to $600m to supply equipment for a new steel production facility at the Baoshan complex, near Shanghai. Page 5

Monitors for Russian poll: Up to 1,000 international observers are expected to descend on Russia to monitor next month's elections, at President Boris Yeltsin's invitation. Page 2

Bayer setback: Bayer, the leading German chemicals group, expects profits to fall by about 20 per cent this year to DM2.2bn ($1.3m) and remain unchanged in 1994, according to chairman Manfred Schneider. Page 20

Write-offs hit Canadian bank: Write-offs stemming from the acquisition of a trust company and a discount brokerage firm helped push Toronto-Dominion Bank's fiscal 1993 earnings down by almost a third. Page 22

Refugees dying: More than 100 Burundian refugees are dying of disease and malnutrition each day in crowded camps in Rwanda, the United Nations refugee agency said in Geneva. About 700,000 Burundians fled their country after a failed coup in October touched off ethnic clashes.

Printemps venture: Pinault-Printemps, the dynamic but heavily indebted French retail group, is considering plans to enter the home shopping market by launching a television shopping service through La Redoute, its mail order subsidiary. Page 20

Citic stake in Swire Aviation: China's involvement in Hong Kong's aviation industry deepened with Citic Pacific's HK$120m ($15m) acquisition of a 30 per cent stake in Swire Aviation. Page 21

Mexico banks plan: Mexico is set to open up its financial system to foreign competition early next year. The finance ministry plans to give licences to as many as 25 US and Canadian banks. Page 22

Zinc smelters deal: MIM Holdings, the Australian metals group, and Germany's Metallgesellschaft, which holds a 14.9 per cent in MIM, are negotiating to swap interests in two lossmaking German zinc smelters which they own on a joint basis. Page 20

■ STOCK MARKET INDICES

FT-SE 100	3,093.1	(+25.9)
Yield	3.84	
FT-SE Eurotrack 100	1,343.06	(+13.65)
FT-A All-Share	1,525.84	(+0.7%)
Nikkei	17,222.92	(+155.81)

■ LONDON MONEY

3-mo Interbank	5⅜%	(5 7/16%)
Liffe long gilt future:	Dec 115 7/16	(Dec115 3/32)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$14.56	(15.33)

■ GOLD

London	$377.6	(376.0)

■ STERLING

London:

$	1.4855	(1.488)
DM	2.5425	(2.5325)
FFr	8.8075	(8.78)
SFr	2.2325	(2.22)
Y	161.25	(161.0)
£ Index	81.7	(81.6)

Tokyo close Y 108.33

The New York markets were closed yesterday

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lev25.00	Iceland	Ikr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.00	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.30
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00
France	FFr9.00	Kuwait	Fils600	Poland	Zl 32,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L8000
						UAE	Dh11.00

Oil prices fall almost $1 to five-year low

Markets hit as Opec fails to agree production cuts

By David Lascelles in London and Robert Corzine in Vienna

Oil prices dropped to their lowest point in five years yesterday as the markets reacted with disappointment to Opec's failure to reach agreement on production cuts.

The benchmark Brent crude price fell nearly $1 in early trading to $14.18 on the overnight news from the oil cartel's headquarters in Vienna, though it recovered slightly to close at $14.48. The $14.18 price was its lowest point since autumn 1988 when Opec overproduction also sent prices into decline. Opec members dispersed yesterday after failing to reach agreement on a new production ceiling. This was despite the steady fall in the oil price since the last Opec ministerial meeting in September. A communiqué said that the September output ceiling of 24.52m barrels a day was "reasonable and objective" and should be given time to work.

Mr Peter Gignoux, head of the energy desk at stockbrokers' Smith Barney in London, described yesterday's market reaction as "a vehement backlash to Opec's indecision", which raised questions as to whether Opec wished to remain a cartel.

Mr Mehdi Varzi, research director at Kleinwort Benson Securities in London, called the Opec decision a "disaster" which could lead to a price collapse similar to one in 1986, when prices fell below $10 a barrel.

He said Opec was "suffering from an absence of leadership" and persistently low prices would force an emergency session well before the next scheduled conference at the end of March.

Most ministers refused to be drawn on what they might do if faced with a prolonged period of low oil prices. Mr Ali Ahmad Al-Baghli, the Kuwaiti minister, said he "hoped the fundamentals would rectify the situation", although he said some Opec producers which are close to their capacity might make voluntary production cuts.

Most analysts interpreted Opec's decision as a move away from an emphasis on price to a strategy of protecting market share. Growing output by independent producers, including the UK, has upset Opec, which believes that such countries are getting a "free ride" from its efforts to shore up prices.

The change of emphasis also reflects the fact that Iraq will eventually have to be reintegrated into Opec's production ceiling once United Nations sanctions barring it from exporting oil are lifted.

That is unlikely to happen before well into next year but countries such as Saudi Arabia, which will have to make a substantial cut to accommodate Iraq, are reluctant to do so from a level lower than the present one.

Not so slick as the market, Page 16
Lex, Page 18
Commodities, Page 28

Kohl blames 'campaign of personal attacks' ■ Joint candidate proposed

Heitmann quits race for German presidency

By Judy Dempsey in Bonn

Mr Steffen Heitmann, Chancellor Helmut Kohl's chosen candidate for the German presidency, yesterday withdrew from the race amid mounting criticism over his controversial views on women, nationalism and Germany's past.

His resignation represents a personal blow for Mr Kohl who had stubbornly defended Mr Heitmann as recently as last Wednesday in a speech to the Bundestag.

Yesterday, the chancellor said the justice minister from the eastern state of Saxony had been the victim of a shameful campaign. "The intolerable campaign of personal attacks and defamation against Steffen Heitmann in the last few months shames all those who took part in it."

Mr Heitmann, 49, created a furore when, in reference to the Holocaust, he said Germany need not be permanently shamed by its past.

He also suggested that women should return to their traditional role as mothers, and that more attention should be paid to those Germans who felt they were being swamped by foreigners and refugees.

His resignation will come as a relief to many east Germans, who believed Mr Kohl had chosen a relatively unknown easterner to rein in the presidency. Mr Richard von Weizsäcker, the incumbent, spoke out on several controversial issues, including the social and political responsibilities of unification.

Several eastern German officials also argued that the west German media coverage was condescending and biased in the way it equated easterners with Mr Heitmann's views.

In his resignation statement, Mr Heitmann appealed - some German officials believe at the behest of Mr Kohl - "to all parties in the interests of the internal unity of our country to agree on a joint candidate" [for president].

He proposed Mr Richard Schröder, an opposition Social Democrat and a philosophy professor and theologian at the Humboldt University in Berlin, even though the SPD have overwhelmingly endorsed the popular Mr Johannes Rau, prime minister of North Rhine Westphalia.

Steffen Heitmann explains his withdrawal from the presidential race to the press in Dresden. Associated Press

The question is whether the coalition government and the SPD will seek a consensus candidate. The president will be elected by a special convention representing all the parliamentary parties next May.

Any horsetrading would suit Mr Kohl. It may deflect criticism, particularly among his own Christian Democrats (CDU), over his miscalculated support for Mr Heitmann. It would also give the chancellor time to repair the damage before next year's federal and state elections.

Moreover, if Mr Schröder was chosen, Mr Kohl would still get his easterner, a goal he is determined to pursue, officials said.

Sections of the SPD would support a consensus candidate in anticipation of a possible coalition with the CDU and the Christian Social Union (CSU), its Bavarian sister party, after the elections. "But others might think this would let Kohl off the hook, particularly since Rau would win if there was an election tomorrow," an SPD official said.

Editorial Comment, Page 17

BAe signs deal to develop car for Indonesia

By Kevin Done and Paul Betts in London

BRITISH AEROSPACE aims to take a leading role in the development of indigenous aircraft and car industries in Indonesia in one of the fastest-growing regions of the world.

Rover group, the UK company's motor vehicles subsidiary, has signed a memorandum of understanding with the Indonesian government to lead the development of a national car project to design, develop and manufacture a small car for production in Indonesia.

BAe also agreed yesterday to consider forming a joint venture to develop and manufacture regional turboprop aircraft with the Indonesian state-owned aerospace company PT Industri Pesawat Terbang Nusantara (IPTN).

With a population of almost 194m and an economy forecast to grow at more than 6 per cent a year in 1993 and 1994, Indonesia has long had ambitions to develop its car and aerospace sectors as part of the rapid industrialisation of south-east Asia.

BAe said yesterday that it had signed the two agreements after meetings in London with Dr Bacharrudin Habibie, the Indonesian minister for research and technology and chairman both of the Indonesian Agency for Strategic Industries and of IPTN.

According to the motor industry memorandum, Rover will provide technology transfer and technical support to a joint small car programme.

The car would be sold initially in the home market but subsequently would also be aimed at export markets. Production volumes would be up to 50,000 a year with output probably starting in 1996-97.

It is understood that the car would be based on the chassis platform of the present Metro/Rover 100 and would be powered by Rover's 1.1 litre K-Series engine.

In the early stages of the project Rover would supply mechanical components such as engines and gearboxes from the UK.

Continued on Page 18

EuroAir sues BAe for $70m over aircraft, Page 9

Big Volvo shareholders back merger with Renault

By Hugh Carnegy in Stockholm

The proposal to merge Volvo's car and truck operations with Renault of France was boosted yesterday when two big shareholders in the Swedish group announced their backing for the deal.

The decision by the Fourth Fund state pension fund and the Folksam Insurance group defied a spate of criticism of the agreement in Sweden and transformed prospects for approval of the merger at a special shareholder meeting on December 7.

"I hope that this is a turning point," said Mr Per Löjdquist, head of investor relations at Volvo.

The Fourth Fund holds 7.5 per cent of Volvo's voting capital and is the biggest shareholder after Renault which has 10 per cent of the group.

Support from the Fourth Fund was seen as vital because its directors include senior industrialists, trade union leaders and government officials. Its board said it would support the merger unless significant new information emerged to cause a change of mind.

Volvo is optimistic that the Fourth Fund's decision will set a trend for other large shareholders. It was quickly followed by approval from Folksam, which holds 3.6 per cent of Volvo votes.

With support from Renault, the Fourth Fund and Folksam secured, and further backing assured from investment companies within the Volvo empire, Volvo can now depend on about 31 per cent of the votes.

Lex ....Page 18
Volvo sailing close to the wind ....Page 20

The "no" camp, led by Aktiespararna, the small shareholders' association, and the Fifth Fund state pension fund, are at present certain of only about 10 per cent.

But the vote within the Fourth Fund illustrated how closely contested the merger issue had become. The board split 8-6 in favour of the deal, with representatives of white collar trade unions and a former Volvo chief executive, Mr Gunner Johansson, among the dissenters. Members of the LO blue collar trade union federation were in favour.

Folksam, which three weeks ago had opposed the merger, said it was swayed by French government assurances secured by Volvo that Renault would be privatised, if market conditions allow, by the end of next year and that a subsequent state golden share would not be used to dilute Volvo's 35 per cent share in the merged company. Both issues have been at the heart of Swedish criticism of the agreement.

A key factor in both decisions was the acceptance that Volvo could not continue in the motor industry alone and had to deepen its existing alliance with Renault to survive the overcapacity in world car markets. Folksam said it accepted the 35 per cent share of the new company apportioned to Volvo as a fair valuation, in spite of a lack of detail on how the valuation was arrived at.

Volvo's share price fluctuated wildly yesterday. The most-traded B share rose from SKr410 to SKr431 on early expectations that the merger would be rejected, then fell to close at SKr407 on news of the Fourth Fund and Folksam decisions.

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NEWS: ELECTIONS IN RUSSIA

Voters fed Bolshevik slogan of bread and peace

By John Lloyd in Moscow

ELECTIONS IN RUSSIA

"Bread, peace and land" is the 1917 slogan that won the Bolsheviks a 74-year hold on power. Today, it is being echoed in the contest for the new parliament. For bread, read standard of living – bread prices now reflect the cost of production, as do most foods and commodities. And real incomes, which rose by 10 per cent from January to September this year compared with last, have stagnated since. The number of people with incomes below the subsistence minimum, or upper poverty line, hovers around 45 per cent – down on last year's peak of 64 per cent, but still very high.

And the gap is widening between the rich – being the 20 per cent of the population who receive 43 per cent of total income – and the poor – the 20 per cent who receive 7 per cent of income. As a result, the "feelgood" factor is slender, and the ordinary voter has a constant and consuming interest in the cost of living.

It is a tribute to the relative success of the policies of the last two years that few groups are overtly calling for a restoration of subsidies. Instead, they are focusing on the need for a rise in state pensions and wages, in student stipends and in sickness and invalidity benefit. One political group – the Dignity and Charity bloc – is devoted solely to the interests of pensioners and invalids. All Others nod towards the alleviation of their poverty.

If peace is widely defined to include personal security (with the Bolsheviks it was an end to the war) then it, too, is an important election issue. Mr Nikolai Travkin, leader of the Democratic party called it "the first issue in our campaign" in his election broadcast on Tuesday evening, while the candidates of the the far-right Liberal Democrats say that "we will restore order – by peaceful means, of course". The growing gap in incomes – with the conspicuously rich, Mercedes-driving class now visible in most cities – is fuelling calls for a crackdown on corruption and organised crime as much as on the soaring rise in general crime.

Real war also features – as candidates, especially the Communists, conjure up ethnic struggles in the Caucasus and Central Asia to hammer home their point that the collapse of the Soviet Union, provoked by Russian President Boris Yeltsin and leading members of his current government, has been a disaster for Russia in lost prestige as much as in lost production. Fearful that patriotism may become the sole preserve of the far right and left, Mr Andrei Kozyrev, the liberally-inclined foreign minister who is standing in Murmansk, has been taking a hard line in recent weeks – threatening Armenia with intervention if it does not apologise for an attack on a Russian diplomat and Ukraine with sanctions if it does not return its nuclear missiles to Russia.

Land features in all the blocs' rhetoric and programmes. A presidential decree allowing the free purchase and sale of land was signed last month and all parties have had to take a position on it. The majority supports it with reservations. Even the Communists and the Agrarians, the twin defenders of socialist ownership, feel impelled to say that they are not against the free possession of land, just its purchase and sale. On the issue of the privatisation of enterprises, the reform consensus also appears to have won the day. No party flatly advocates a return to state ownership, although the Communists and Agrarians, with the Liberal Democrats and the Dignity and Charity group, clearly favour the state.

The pull of electoral politics is presently towards the centre: the neo-fascists (Liberal Democrats) and the Communists emphasise their peaceful intent; while the radical liberals (Russia's Choice) play up their patriotism. Parties and electorates are new to each other in the new Russia: but for the moment, they can both say that we are all centrists now.

Search for recipe to turn tanks to sausage

By Leyla Boulton

ELECTIONS IN RUSSIA

Russia's Choice, the pro-Yeltsin bloc that began by dominating the economic agenda of the election campaign, is having to bend to meet the political limits to reform.

"Any government which allows 80 per cent of industry to go bankrupt won't even have time to complete financial stabilisation because it will be immediately thrown out of office," says Mr Denis Kisilyov, a Russian economist at the World Bank office in Moscow.

As the parties competing for pro-reform voters have increased their promises of ways to kick-start economic growth without a financial squeeze that will throw millions out of work, Russia's Choice is having to respond with a softening of its own programme.

It is still promising radical land reform, an elimination of most subsidies and further liberalisation of foreign trade, but it is having to fudge the issue of how much unemployment it is prepared to countenance as a result of its promised financial austerity.

Russian output is expected to decline this year by 16 per cent, slowing just a little from an 18.8 per cent fall in 1992. Incorporating an increase in exports and the trading sector, only gross national product is expected to decline somewhat more slowly than last year.

When the deputy prime minister, Mr Yegor Gaidar, the leader of Russia's Choice, launched market reforms in January last year with a liberalisation of prices and imports, he hoped that state-owned enterprises would automatically adapt to market conditions, loss-makers would go to the wall, and both inflation and output would stabilise. This in turn would pave the way for new investment and the creation of new businesses.

But today, with inflation at 20 per cent a month, and production still falling, the radicals say the problem is they never achieved a tough financial policy in the first place.

If allowed to pursue what Mr Boris Fyodorov, the finance minister, described yesterday as "a painful but absolutely necessary transformation", Russia's Choice is promising to bring inflation down to 4-5 per cent a month by the end of 1994.

But the consensus uniting Mr Gaidar's critics, including the Party of Unity and Accord, set up by three rebel pro-reform ministers, is that inflation cannot be fought through a restrictive financial policy alone. They say the very structure of an economy geared towards defence production, with obsolete technology and very little competition, means that the state must play a much more active role in restructuring the economy.

"When people go to the shops, they want to buy sausage, not tanks," says Prof Nikolai Petrakov, a parliamentary candidate for the electoral bloc headed by his fellow-economist, Mr Grigory Yavlinsky. "We are having to repent for this unnatural economic system built up by the Communists . . . .It is not enough to allow private farming. Farmers need roads and equipment."

They say that mass unemployment would simply cause a popular backlash which would bring communists or neo-fascists into power. Mr Arkady Volsky, the leader of Civic Union, the most conservative of the pro-reform parties, is even continuing to cite China as an example of the merits of gradual reform and increased state control over the economy. The only problem is that Russia is dominated by obsolete heavy industry rather than agriculture, and has a democracy instead of a one-party state. But elements of the new critique have rubbed off on Russia's Choice, and are likely to be reflected in the economic policies pursued after the elections.

For instance, the prime minister, Mr Viktor Chernomyrdin, who is likely to remain in his post as the most suitable compromise figure for both conservative and radical reformers, said this week that "no government" would allow mass unemployment. Russia's Choice is downplaying the unemployment issue, with Mr Gaidar claiming that allowing enterprises to go bankrupt would in most cases mean reorganising them rather than closing them down.

Mr Gaidar still differs from other politicians in that he remains keen to cut back the state's role on the grounds that Russian bureaucrats are incapable of running a market economy. But there is another point he has already embraced, and that is calls for increased protection for Russian producers and entrepreneurs against foreign competition.

Last week he agreed to restrict the activities of foreign banks. He also categorically denied any plans to break up big enterprises such as Gasprom, the country's monopoly gas-producer, despite hopes by the World Bank he would endorse such proposals. Finally, he promised to use import tariffs to defend Russian producers.

Calls by Civic Union and the smaller Democratic party for the creation of large financial-industrial groups capable of withstanding international competition have already been taken over by the government. A presidential decree allowing for their creation is to be published soon.

Efforts will also continue to restore trading ties with former Soviet republics – a natural market for Russian companies after seven decades of state planning interlocked their economies.

Another target for changes is likely to be the government's mass privatisation programme. Even Mr Sergei Vasiliev, one of the main economic ideologues for Russia's Choice, admitted yesterday that the programme was imperfect. But he said its flaws, including big benefits given to employees, and the distribution of shares for vouchers instead of money, had been the result of necessary compromises with conservatives.

Finally Mr Chernomyrdin, who has refused to explicitly endorse any of the parties, echoed the promises being made by all parties, that economic reforms would be accompanied by better social protection.

"If, like Gaidar, you tell an ambulance driver that all he is ever going to earn is Rbs30,000 (£20) a month, then he will cast his vote for the Communists," claims Prof Petrakov, the economist and candidate.

The unspoken conclusion of this consensus is that Russia will have to live with high inflation for some years to come, albeit avoiding Ukrainian-style hyperinflation, while looking for ways of promoting investment in enterprises which can produce sellable goods.

The lucky thirteen...

Radical reform

Russia's Choice
Led by first deputy prime minister Yegor Gaidar

Bloc of pro-government Yeltsin supporters, consisting of several parties and movements, including Democratic Russia, the Peasants' Party of Russia, the Association of Privatised and Private Enterpreneurs, and the Party of Democratic Initiative. Considerably ahead in all polling, at between 20 and 30 per cent of the vote.

Slower reform

Yabloko bloc
Led by Grigory Yavlinsky.

Without an official name, the bloc has been nicknamed Yabloko (Apple), as a pun on the acronym of the names of its leaders: Grigory Yavlinsky, young free-market economist, Yuri Boldyrev, scientist, and Vladimir Lukin, former Russian ambassador to the US. It promises less painful, but more effective market reforms and a real stake for the regions in the federal state.

Movement for Democratic Reforms
Led by Mayor Anatoly Sobchak of St. Petersburg

This bloc, also led by Gavrill Popov former mayor of Moscow, is pro-reform, but stresses political independence from Yeltsin. It is calling for higher education for all, the protection of low incomes and pensions from inflation; and a wider distribution of privately owned land.

Party of Russian Unity and Accord
Led by Deputy Premier Sergei Shakhrai.

Pushing a strong regional role, it favours a more gradual approach to economic reform. The bloc includes two deputy prime ministers, Sergei Shakhrai and Alexander Shokhin, as well as Konstantin Zatulin, the head of Entrepreneurs for a New Russia.

Centrist

Civic Union for Stabilisation, Justice and Progress

Led by Arkady Volsky. Dominated by its core group, the Russian Union of Industrialists and Entrepreneurs, the bloc favours a more moderate approach to market reform to protect the interests of big industries. It is calling for tax rises for the rich, subsidies to be redirected from producers to consumers and incentives on landowners to use land effectively.

Future of Russia – New Names
Led by Vyacheslav Lashchevsky.

Most of the leaders of this youth movement come from the Russian Union of Youth, itself heir to the Komsomol of Soviet times. It stands for step-by-step adoption of the market system, higher wages for state employees, a "reasonable and equitable" tax system, a cut in the government apparatus and higher domestic and foreign investment.

Democratic Party of Russia
Led by Nikolai Travkin.

The party favours moderate reform, including privatisation of land. It is, however, emphatic about the need to strengthen Russian statehood, and on the need for a strong central power. Consistently populist, it is stressing practical politics in the localities.

Against reform

Russian Agrarian Party
Led by Mikhail Lapshin

Conservative, nationalist, and in favour of collective and state farming. It says it also supports private farmers and private land ownership, with restrictions. It promises "renewal of Russia through renewal of the village", and expects strong support from rural areas in southern Russia. Its best-known candidate is Alexander Zaveryukha, deputy prime minister responsible for developing agriculture.

Russian Communist Party
Led by Gennady Zyuganov

The party, which favours a command economy and strong social programmes, still draws strong support from pensioners, peasants, and the poor. It is urging voters to reject the new Russian constitution on the basis that it gives Yeltsin far too much power.

Liberal Democratic Party
Led by Vladimir Zhirinovsky.

Flamboyantly nationalist, with right-wing views, Vladimir Zhirinovsky once promised to reconquer all former Soviet republics and use some of them as nuclear dumping sites. His party campaigns under the slogan "I will protect Russians everywhere".

Issue parties

Women of Russia
Led by Alevtina Fedulova

First of its kind in Russia, the party aims to promote female influence in politics and defend women's interests. It includes entrepreneurs, women in the Black Sea Fleet, and Yekaterina Lakova, adviser to Yeltsin on womens' issues.

Kedr, the Constructive Ecological Movement
Led by Anatoly Panfilov

The movement is calling for serious approaches to the solution of environmental problems, and draws its strongest support from high-pollution regions such as Bashkortostan, Voronezh and Yekaterinburg and the Republic of Mari-El.

Dignity and Charity alliance
Led by co-chairmen, Mikhail Trunov and Vyacheslav Grishin

A party for the "small boats in a large river, which in the turbulent stream of today's life, are unable to find a mooring," according to its leader. Those include invalids groups, Afghan veterans, and cultural figures.

The vote and the voters

Some 107m voters will take part in the elections and in the parallel referendum on the constitution.

The Federal Assembly, or new parliament has two chambers. The Federation Council, or upper house has 178 seats, two for each of the 89 subjects of the Russian federation – which includes republics, regions, districts and the two major cities of Moscow and St Petersburg. At present, three "subjects" – the republics of Chechnya and Tatarstan and the region of Chelyabinsk – have failed to put forward sufficient candidates for a contest for these two seats. The Central Electoral Commission has registered 487 candidates for the upper house.

The State Duma, or lower house, has 450 seats half of which will be filled by candidates from the 13 parties running in the elections. Each party must receive more than 5 per cent of the vote to gain a share of the seats.

The other half of the Duma's seats are filled by a first-past-the-post contest in constituencies of about 500,000 electors. There are 1,500 candidates for these seats.

In a parliamentary election, at least 25 per cent of the electorate must turn out for the votes to be valid. The new parliament must hold its first session after election, the first sitting being on January 11, 1994.

The constitutional question is simply: "Do you agree to the constitution of the Russian Federation?" Here, the turnout must be at least 50 per cent and the constitution is approved if a simple majority of these votes yes.

YELTSIN INVITES ABOUT 1,000 OBSERVERS

Up to 1,000 international observers are expected to descend upon Russia to monitor the conduct of the elections, at the invitation of President Boris Yeltsin, writes Leyla Boulton.

There will be large delegations from western governments and international bodies such as the Council of Europe. There will also be a single monitor from the Caribbean island of Antigua.

Russia's Central Electoral Commission, which is organising the elections and accrediting the observers, says most will arrive a week before polling. However, some of them, such as envoys from the Düsseldorf-based European Media Institute, are already on the ground to monitor not the conduct of the voting itself but the media coverage which will help determine how people vote.

Mr Andrei Davidov, head of the commission's international department, says the observers will be free to travel wherever they wish. "We want to hear what was good and what was bad so we can do even better next time," he says. "After all, these elections will not be the last."

Media builds an even balance from 13 blocs

By John Lloyd and Leyla Boulton

ELECTIONS IN RUSSIA

The Russian election campaign, it is already clear, will not be fair. However, unlike the "elections" of the Soviet days, where fairness had nothing to do with it, they will be unfair in a recognisably democratic way, with money, personalities, image, showbiz, and arm-twisting taking place against a backdrop of state-defined rules.

The technical requirements for the registration of parties and candidates for the two houses of the new parliament – the federal assembly – have been completed, and have thrown up 13 blocs and more than 600 candidates covering a range of views from neo-liberal to Communist and neo-imperialist right. In one republic – Chechnya – elections will probably not take place at all and in another – Tatarstan – insufficient candidates have registered for the upper house.

The key questions now are the overall political context within which the elections take place, and, crucially, the coverage given to the parties and candidates by the media.

President Boris Yeltsin is presently the only source of legitimate power in Russia: government is carried on through decrees he issues and though the government he has chosen. He has not, and may not, declare his support for any party.

The main reformist parties are all linked to, or enjoy the support of, groups of enterprises and banks. This is quite overt: businessmen and industrialists appear on party slates and/or sit beside leading candidates at press conferences. Their backing allows the parties to run the campaigns and pay for media coverage: under the election rules, donations from each enterprise are limited to a maximum of 20,000-times the minimum wage to parties and 200-times the minimum wage to an individual candidate. However, the scrutiny of these donations is lax, and will, anyway, not take place until after the event.

Further, the linkage of money and campaigning looks improper. Mr Yegor Gaidar, first deputy prime minister but also leader of the main radical bloc, Choice of Russia, held a meeting last week with the heads of Russia's commercial banks – during which he promised them protection from foreign competition, a promise which quickly took the form of a presidential decree. They met in his party headquarters, not his office. Did they promise support for the party? Had they already given it? The site of the meeting pointed to these questions.

Most of the curbs on the central press have now been removed: censorship appeared only briefly after the suppression of the parliamentary revolt, and the daily newspaper which is still banned, Sovyetskaya Rossiya, won a court judgement against the ban earlier this week. While the most prestigious daily, Izvestiya, is pro-presidential and supports Mr Gaidar's movement, other papers – such as Pravda – are strongly critical. The liberal daily Nezavisimaya Gazeta is waspish about Mr Yeltsin and about the government.

Television is – as everywhere – the dominant medium. The rules of the game, drawn up with some advice from the British Broadcasting Corporation, specified that parties could buy TV time up to November 22, when the campaign proper began: thereafter, each of the 13 competing blocs was allocated equal time on the two main national channels, dolled out in 20-minute segments, with the times of appearance determined by drawing lots.

The party political broadcasts are wholly fascinating. At one end, they are fairly slick: Choice of Russia, with a professional, well-staffed central election staff, produced earlier this week a 20-minute show which mixed clips from a concert with a smart Mr Gaidar. Other parties have simply pushed their candidates in front of cameras.

The marvellous amateurism is gold dust to anyone attuned to the banalities of western party politicals.

Russia has several Ross Perots – successful businessmen who are using their financial clout to win a political voice, writes Chrystia Freeland in Moscow. Mr Rafis Kadyrov, who sports a suit and gold watch that would be at home on Wall Street, is running for a seat in the Russian parliament and the presidency of Bashkortostan, an autonomous republic with 4m inhabitants in the heart of the Urals.

The brashest of the lot may be Mr Kirsan Ilumzhinov, a businessman who was elected president of Kalmykia, an autonomous republic to the south of Bashkotostan, after promising to pay each citizen $100 out of his own pocket.

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NEWS: EUROPE

Bundesbank warning on 'quick fix'

By David Waller in Frankfurt

Any attempt to revive German exports and thereby curb domestic unemployment would be the "wrong medicine", the Bundesbank's chief economist warned last night.

Speaking in Frankfurt, Mr Otmar Issing, member of the central bank's policy making council, appeared to be directing his remarks at calls for European countries to slash interest rates as a way of combating unemployment.

Mr Issing acknowledged that there had been a sharp fall in German exports since German reunification, and that this had contributed to German unemployment because lay-offs were concentrated in export-oriented industries. Germany's trade surplus has fallen from DM135bn (£53.50bn) in 1989 to DM34bn last year to DM28bn in the first eight months of the current year.

However, he rejected arguments that the fall in exports had been triggered by the strength of the D-Mark, pointing out that measured against the currencies of Germany's 18 most important trading partners the D-Mark had risen by a modest 3 per cent in the past two years, and had fallen by nearly 1 per cent since the end of last year.

He blamed the export decline on recession in Germany's most important trading partners. Any attempt to combat the decline in exports by competitive devaluations would prove illusory, Mr Issing said, as it would only serve to worsen trading partners' recessions and diminish demand for German goods still further. A devaluation would stoke up inflationary pressures and trigger a wage-price spiral which would lead to more, not less inflation.

Mr Issing's comments follow Bundesbank president Mr Hans Tietmeyer's remarks on Wednesday that governments should not try to buy economic recovery by means of rate cuts.

Mr Johann Gaddum, Bundesbank vice-president, however, awakened speculation of further rate cuts in Germany in Paris yesterday. He was quoted as saying Germany was "over the hump" on inflation and there was scope for further interest rate cuts.

Germans expect exports boost

By Ariane Genillard in Bonn

An increasing number of German businessmen believe the economy has stabilised at its lowest point and expect some export-led improvement in the coming months, according to Ifo, the Munich-based economic institute.

An Ifo study, which polls 500 managers, says the business community is less pessimistic than in previous months.

The survey lends weight to a statement by the German industry federation, the BDI, that the economy is stabilising. The BDI points out production plans and orders stopped falling at the beginning of summer and capacity utilisation was dropping "very mildly" compared with the beginning of the year.

Ifo notes that companies do not expect a pick-up in domestic demand but that export prospects are "substantially improving". Companies in general say orders in October held steady against September.

The business community continues to complain that stocks are too high. But they add that prices could fall further as a result.

The brighter outlook varies from sector to sector. Manufacturers of semi-finished goods say the situation remains bad but an export-led pick-up is foreseeable over the next six months – a view shared by the chemical industry. But manufacturers of consumer goods, especially cars and electronics, warn that orders will still not match the September level, although they are decreasing at a slower pace than earlier.

Wholesale and retail traders hit by depressed domestic demand are pessimistic.

More than 40 per cent of wholesalers say they expect orders to fall, the worst result polled by the institute since 1982.

In eastern Germany, business confidence is up, mostly because of a rise in local demand. Capacity utilisation is stabilising at 72 per cent and production plans and orders are on the increase.

Spanish riot police restrain a student during a riot that broke out in Madrid after nationwide demonstrations by students demanding the government spend more on education Reuter

Spanish unions take to streets

By Tom Burns in Madrid

Spain's two largest unions joined forces yesterday evening to stage protest marches in 50 cities against the government's economic policy. However, they remain divided over organising a 24-hour general strike that has been tentatively scheduled for the third week of next month.

The demonstrations were the first test of strength by the unions against government plans to restore competitiveness by imposing wage restraints, reducing benefits and overhauling labour market legislation to allow part-time employment, apprenticeships and easier dismissal procedures.

The Communist-led Commissiones Obreras (CCOO) union has called for national mobilisation to paralyse the country on December 17, but the rival Union General de Trabajadores (UGT), which co-sponsored yesterday's protests, is more hesitant, believing a full strike could backfire and prompt the government to take even tougher economic measures.

The two unions staged a successful 24-hour strike in December 1988 that forced the government to withdraw a planned youth employment scheme and to increase pensions and unemployment pay. A half-day general strike which they staged last May in protest at social spending cuts was poorly attended, however.

The government is due to meet the unions today in a last effort to salvage a social pact on incomes policy and labour reforms which has been under discussion since September. But it has already warned that it will impose its policies next week if there is no agreement. The employers' confederation, which held separate talks with the government yesterday about the social pact, termed the proposed labour markets reforms as "too weak".

Companies neglecting tax rebates

By Andrew Jack in London

Millions of pounds in value added tax rebates are unclaimed across the EU, according to a survey by accountants Deloitte Touche Tohmatsu.

Nearly 80 per cent of companies do not reclaim all the VAT they are entitled to receive from countries in which they are not registered, and more than 20 per cent do not claim any of their rebates.

The survey, which questioned more than 600 companies, notes that almost a quarter of businesses pay VAT in countries where they are not registered, on transactions such as one-off purchases, hotel bills and travel. About 8 per cent are paying more VAT than they were before 1993.

Most say the primary reason is that recoveries would cost too much. A number of companies highlighted administrative difficulties in receiving rebates in Italy, Germany and France. "The system clearly needs to be simplified," Deloitte said.

Across the EU, British companies are the most likely to fail to make refunds.

The survey showed that just 23 per cent of companies said they had found their transport costs becoming cheaper as a result of the new system, although 39 per cent said goods reached their destinations more quickly.

Swiss to vote on introduction of VAT

By Ian Rodger in Zurich

Swiss voters pride themselves on using their direct democracy responsibly; if taxes need to be raised, this action will be approved in a referendum. That sense of responsibility will be tested on Sunday when the Swiss will be asked, for the fourth time, to vote on the introduction of a value added tax.

At a time when every other European government has long since introduced VAT, it may be asked why the Swiss have rejected the idea. The Swiss answer would be that no negative consequences have resulted from previous rejections in 1977, 1979 and 1991.

This time, however, there is a sense of urgency. Federal government finances are in disarray as soaring social security spending in the recession led to record deficits.

Another concern is the competitiveness of Swiss industry. Last December, Swiss voters rejected joining the European Economic Area (EEA), an expanded free trade area between the European Union and the countries of the European Free Trade Association.

Swiss manufacturing companies have become increasingly nervous that exports to Europe will face increased costs when the EEA comes into force next year. Thus, their campaign to replace the existing 6.2 per cent turnover tax, which applies only to goods and capital spending, with VAT has been more passionate than on previous outings.

It is estimated that Swiss industry would save SFr2.6bn a year if a 6.2 per cent VAT, applicable to services as well as goods and refunded from exports, were introduced.

As is often the case in Swiss referendums, the balloting process will require considerable concentration from voters. They can vote for 6.2 per cent VAT or 6.5 per cent, which the government would prefer because it would raise more revenue. There is also an opportunity to vote in favour of adding another 1 percentage point to help underwrite soaring public pension costs.

The VAT proposal has the full support of all the main political parties and business groups, with the exception of the restaurant and hairdressing trades which dread being brought into the tax net.

Polls indicate that it will probably be approved by a narrow majority, but that the people will only approve a 6.2 per cent rate. Swiss voters would prefer to keep the pressure on the politicians to cut spending rather than let them have more money.

In addition to VAT voters will also decide whether or not to abolish tobacco and liquor advertising, an issue brought to a referendum by concerned citizens.

Berlusconi's 'courage' makes others see black

Robert Graham on Italian media magnate's backing for neo-fascist candidate in Rome mayoral election

Mr Silvio Berlusconi, Italy's media magnate, claims he has done no more than follow a maxim of Tolstoy – a courageous man does what he feels is necessary.

But what Mr Berlusconi considers "necessary" has created a near mutiny among his employees and provoked a storm of controversy in Italy's political and intellectual establishment.

Mr Berlusconi, who controls three quarters of Italian commercial television and a string of publishing interests, has decided to enter the political fray in Italy.

Throughout this year he has been hinting he might form a political party and appeared to be flirting with the populist Northern League of Mr Umberto Bossi. But this week he chose the occasion of the opening of a shopping centre in Bologna to urge the formation of a new centrist party.

Apparently off script, he went one further. If he were in Rome he would back Mr Gianfranco Fini, the leader of the neo-fascist MSI, in the run-off on December 5 for the mayorship against Mr Francesco Rutelli, the candidate of the left.

This was immediately interpreted not only as an endorsement for the MSI but as placing this party, always seen on the far right, in the centre of Italian politics.

This produced headlines such as "Berlusconi in black" (a reference to Mussolini's infamous black shirts) and cartoons such as the one with a bubble coming from Mr Berlusconi's mouth saying 'Fini-vest' (a play on Fininvest, Mr Berlusconi's principal media group).

Accompanying such sarcasm was a flood of criticism and protest. The next issue of Panorama, the main Berlusconi weekly, will not appear because of a strike; a stoppage was observed on Wednesday at Mondadori, his main publishing group, and television journalists loudly proclaimed their independence. Some groups have threatened a boycott of his Milan football team.

The objections to Mr Berlusconi's stance centre on two separate issues. The first is whether someone who wields so much power, especially through television, should take sides so openly and harbour political ambitions. These objections are on weak grounds since media owners in Italy, discreetly or clumsily, do support causes – indeed that is partly why they are proprietors.

Mr Berlusconi himself has always been a political animal, and built his empire on the back of a close friendship with Mr Bettino Craxi, the former Socialist leader. Mr Berlusconi himself has not been implicated in the corruption scandals but Milan magistrates are investigating whether his media interests allowed discounted advertising slots on television to the political parties during elections. Another investigation is examining allegations of kick-backs to obtain television licences.

The second issue is whether the MSI is a dangerous rightist phenomenon, foreshadowing a return to the Mussolini era. The spectre of a party, inspired by Mussolini, gaining substantial electoral space in Italy has frightened the left and all those with long memories. They feel Mr Berlusconi is highly irresponsible in lending his considerable weight to making the MSI respectable.

However, most of the criticism is based on historical memory rather than the MSI today, led by Mr Fini, who was born in 1952 (seven years after Il Duce was executed). The criticism also contains an element of hypocrisy since he would have earned little odium if he had associated himself with the leftists' candidate in Rome, Mr Rutelli.

Mr Berlusconi is unrepentant. He wrote in yesterday's newspapers: "I'm completely foreign to fascist culture and traditions; but I refuse to accept the use – or worse the blackmail – of anti-fascism as a demagogic device to steer the country away from a liberal democratic government which we and Europe need."

He added that if and when it was necessary he would establish a "clear distinction between politics and editorial control".

By taking such a high profile, Mr Berlusconi may well encourage more of the media to focus on the financial problems of his empire. La Repubblica newspaper and L'Espresso magazine, controlled by Mr Carlo De Benedetti, have been running for some months a campaign demonstrating that the debts of Fininvest are well above the L3,333bn (£1.3bn) published in the 1992 accounts.

They also claim that close scrutiny of the accounts reveals a L174bn loss instead of the declared L21bn profit. This has not been denied by Fininvest.

Belgium to push EU growth plan

By Lionel Barber in Brussels

THE Belgian presidency of the European Union intends to to strengthen the European Commission's programme for economic growth and job creation at a meeting of EU finance ministers early next month.

The move is in response to UK and German success in neutering Commission efforts to set EU-wide targets for halting rising unemployment and promoting growth.

Mr Philippe Maystadt, Belgian finance minister, is understood to have been surprised by the Commission's abrupt retreat from earlier calls for specific targets to spur a recovery and disappointed by the document's bloodless tone compared with previous drafts.

Brussels had earlier called for a 2-3 per cent reduction in short-term interest rates contingent upon wage restraint and cuts in budget deficits, a broadening of the tax base to pay for cuts in employment taxes, and a specific recommendation to create 15m jobs by the end of the century.

Britain, Germany, and the Netherlands all voiced strong objections to these targets, pointing out that the EU had no legal instruments to fulfil them and that the levers of macroeconomic power still rested with member states. However, France, Italy and Spain were much less hostile, according to an official.

Mr Maystadt is said to be determined to put forward a strongly-worded document on the grounds that it will have legal status according to the recently ratified Maastricht treaty.

Under the Maastricht treaty, the Commission is required to put forward a recommendation on macroeconomic targets which can be adopted by qualified majority by the European Council on December 10-11. Belgian officials point out, with a touch of bravado, that this could mean that the Germans and British alone could be outvoted.

A Commission official defended the watering down of the original macro-economic guidelines on the grounds that it was important to "carry" along member states.

In Brussels, officials are concerned that Mr Jacques Delors' white paper on employment, competitiveness and growth could lose impact because of the Commission's retreat, particularly since it has no legal status and is unlikely to contain recommendations.

Polish commercial TV plans hit snag

By Christopher Bobinski in Warsaw

Plans for Poland's first commercial national TV channel have run into opposition from the military which is unwilling to release the necessary frequencies.

This emerged shortly before the closing date for applications to run the channel to compete with the two state TV ones, which will still carry advertising. Foreign media groups including Bertelsmann, Compagnie Luxembourgeoise de Telediffusion and Time Warner have declared an interest in running the channel with local partners.

Adml Piotr Kolodziejczyk, defence minister, said the army would be able to free the frequencies in three years. Frequencies available to private broadcasters provide access to 40 per cent of Poland.

Bulgaria reaches agreement on debt reduction

By Anthony Robinson

Bulgaria has reached a comprehensive debt and debt-service agreement which could amount to a 50 per cent cut in the estimated $9.3bn (£6.24bn) it owes to a group of over 300 commercial banks, Mr Stoyan Alexandrov, finance minister, said in Sofia yesterday.

The agreement in principle, reached after months of difficult negotiations with its London Club creditors headed by Deutsche Bank, includes an initial downpayment of not more than $865m and average annual payments of less than $300m in the first seven years of the agreement, Mr Chavdar Kanchev, a member of the negotiating team, told Reuter.

"The agreement contemplates a menu of options consisting of a debt buyback at a price to be announced by Bulgaria, a collateralised discount bond option, a front-loaded interest reduction bond (FIRB) option and a comprehensive treatment of interest arrears," Deutsche Bank added.

The discounted bond option offers a 30-year discount bond exchanged for existing debt at a 50 per cent discount at LIBOR plus 13/16 per cent and with full principle and 12 months' interest collateral. The FIRB option, with an eight-year grace period, offers an 18-year bond with a stepped-up fixed interest rate starting at 2 per cent for the first eight years and a floating coupon of Libor plus 13/16 per cent for the remainder, West Merchant bank said.

The agreement, still to be approved by the Bulgarian parliament and the boards of several creditor banks, is similar to the kind of deal being sought by Poland for its over-$13bn commercial bank debt. But leading creditor banks last night insisted Poland no longer qualified for the kind of relief achieved by Bulgaria, which has a much weaker economy and a GDP which is continuing to fall.

Poland's London Club creditors offered a 33 per cent debt relief package earlier this year. This was rejected by the Polish side which wants a 50 per cent reduction similar to that already achieved on its $33bn Paris club official debt. The banks are due to meet shortly to discuss making a revised offer to the Polish team, an improvement on the original 33 per cent relief offer, but still well below the 50 per cent the Poles seek.

Owen foresees Moslem state

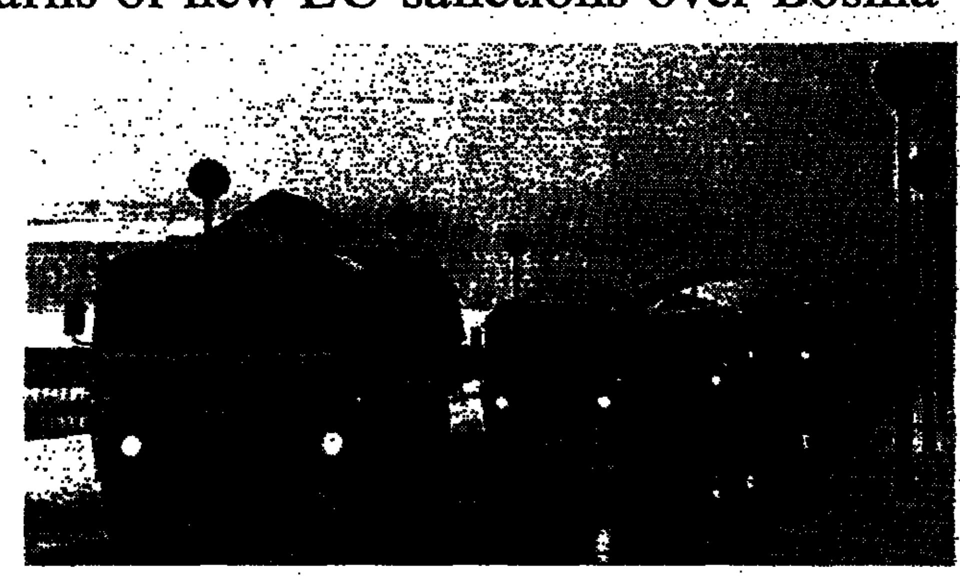
Mediator warns of new EU sanctions over Bosnia

By Robert Mauthner, Diplomatic Editor

Lord Owen, one of the two international mediators on the former Yugoslavia, forecast yesterday that the creation of a new independent Moslem state in Bosnia was inevitable and that the Serbian and Croat parts of Bosnia would eventually join their respective mother countries.

Such a solution, he admitted ruefully in the annual Churchill lecture in London's Guildhall, was certainly one he did not favour originally in the abortive Vance-Owen plan, which called for a unitary Bosnian state divided into largely autonomous provinces.

Lord Owen accused the US of having killed off that plan in May this year and thus destroying any hope of keeping Bosnia-Hercegovina together. However, he recognised that history might show that the emergence of an independent Moslem Bosnian republic was "inherently more stable," that the demilitarisation of Bosnia proposed in the Vance-Owen plan was unrealistic and that the Moslems' fight for their very survival required to find expression in the creation of their own country.



Reuter

An aid convoy makes its way through the snow at Serb-held Banja Luka yesterday

Lord Owen's remarks were a clear indication of his belief that the union of the three republics which he and his fellow mediator Mr Thorvald Stoltenberg had proposed as a replacement for the Vance-Owen plan would be no more than a temporary solution.

That plan was rejected by the Bosnian Moslem "parliament" last September because the Moslems claimed it did not give them enough territory.

European Union foreign ministers suggested earlier this week that the international community might be prepared progressively to suspend sanctions against Serbia if a political settlement could be reached giving the Bosnian Moslems an additional 3 to 4 per cent of territory.

Such a possible solution will be discussed at a conference in Geneva starting next Monday, grouping EU foreign ministers, the leaders of the three warring parties in Bosnia and senior representatives from the US and Russia.

Lord Owen warned the Bosnian Serb and Croat parties that, if they failed to compromise, the European Union would have to strengthen existing sanctions or start advocating new sanctions. At the same time he warned the Bosnian Moslems that, if they were not prepared to accept compromises, outside governments could reconsider their contribution to United Nations peace-keeping forces in Bosnia, which would then have to be withdrawn.

"The parties, tragically, then would be left to fight it out with no holds barred and the misery and mayhem of what was once Yugoslavia would continue."

Whatever political solution was chosen by the warring parties, certain key Bosnian Moslem demands had to be dealt with.

A predominantly Moslem Bosnian republic had to have open access to a port on a navigable part of the Sava river in the north and to a sea port of its own on the navigable part of the river Neretva to the south. In addition, the Moslems would have to be given, "as an important symbol", a tract of land on the Adriatic sea, and, as far as possible, natural and defendable boundaries.

Lord Owen strongly supported the trial of Yugoslav war criminals by the international tribunal set up by the UN. "I believe it is essential for the moral order of the 21st century that we re-emphasise over Yugoslavia the rejection in the Nüremberg trials of the belief that, in war, anything goes."

Row looms over shipping cartels

By Andrew Hill in Brussels

A political row is building up between the European Commission, Parliament and European Union ministers over controversial Commission inquiries into shipping cartels.

The Commission and Parliament, backed by exporters, are worried that transport ministers, who meet in Brussels on Monday, may try to meddle with the Commission's exclusive authority to rule on competition cases.

At issue is a draft resolution on the application of competition rules to maritime transport, which could be adopted by ministers on Monday. EU exporters – including companies such as ICI and Mars – say the resolution is largely the work of shipowners, trying to protect themselves from the latest in a series of Commission investigations into shipping cartels.

The European Parliament's legal affairs committee has written to the council of ministers warning that adoption of such a resolution could upset the balance between the EU's institutions.

The pressure already appears to be having an effect. National officials said yesterday that member states' enthusiasm for a prescriptive resolution was waning, although they may still call for a Commission report on the subject. Much will depend on how ministers react to Monday's statement by Mr Karel Van Miert, the competition commissioner, about the maritime industry.

The shipowners said this week that all they wanted from the Commission was greater legal certainty about the treatment of shipping conferences, in particular those that now offer door-to-door container services, including road haulage.

In the last two years, the Commission has aroused the wrath of shipowners by imposing fines on two cartels operating between Europe and Africa. Brussels is now poised to publish a statement of objections to the Trans-Atlantic Agreement, signed last year by 14 shipping companies including P&O Containers of the UK, Hapag-Lloyd of Germany and Maersk of Denmark, and should also take a decision on the Far East Freight Conference.

The shipping lines say the TAA is essential to combat overcapacity in the transatlantic container market, but exporters say that it has led to "exorbitant" rate increases in 1993. The original draft resolution tabled by the Belgian presidency of the EU was sharply criticised by MEPs and the Commission for going too far.

Correction

Istanbul stocks

Equity capitalisation on the Istanbul Stock Exchange is currently estimated at just under $30bn. The figure given in an article in the Financial Times survey on Turkish finance and industry, published on November 25, was incorrect.

Law would extend Nafta-style protection worldwide

Mexican move on investor rights

By Damian Fraser in Mexico City

The Mexican government has sent to congress a new foreign investment law that would give investors worldwide almost all the rights enjoyed by the US and Canada under the North American Free Trade Agreement.

The new legislation, which is certain to be approved, would replace the 1973 law that substantially restricted foreign investment. While the 1973 law has been partly modified by subsequent regulations, foreigners have complained that the rules do not offer legal transparency, and still protect important sectors.

The law permits foreign investment in all areas of the economy and under the same terms granted to the US and Canada under Nafta, except the financial sector. It eliminates all performance requirements for foreign investment, such as obligations to transfer technology or meet local content rules, that govern industries such as car parts and computers.

Under Nafta, Mexico agreed to open up only partly some sectors such as airlines to foreign investment. Others, such as the car parts industry, secondary petrochemicals and mining, were fully opened. Nafta also put into law existing regulations that permitted 100 per cent investment in most businesses. Such rules will now apply to all countries.

However, investors outside the US and Canada would not have recourse to arbitration panels in disputes over investment, as envisaged under Nafta, nor would they be guaranteed the same treatment as domestic investors. Mr Pedro Noyola, the under-secretary for foreign investment in the Trade Ministry, said Mexico was ready to open talks with countries on investor protection on a bilateral basis.

The proposed law, like Nafta, does not open up strategic sectors such as oil and satellites to private investment; other sectors, such as television and internal transport are reserved exclusively to Mexicans. It ensures majority Mexican control in areas such as agricultural trusts, telephone services and cable television.

The law goes further than Nafta in permitting foreigners to invest within 100km of the border and 50km of the coasts through Mexican incorporated companies in industry, hotels or commerce. At present such investment can only be made through trusts. This has made it difficult for foreigners to obtain bank loans, especially when trying to finance the building of hotels.

The legislation would limit foreign investment in banks and brokerages to 30 per cent, and 49 per cent in insurance companies.

Ecuadorean law opens door to oil development capital

By Ray Colitt in Quito

Ecuador's congress has approved a law setting out terms for billions of dollars worth of contracts in oil and gas exploration and pipeline construction. It also breaks the monopoly of state-owned Petroecuador in some sectors.

Oil companies will receive a percentage of their crude production to sell in the domestic or international market. Industry analysts say cutting bureaucratic ties between the oil companies and the government will allow Ecuador to compete with oil-producing neighbours for scarce investment capital. The country has not secured an exploration contract in five years.

Contracts for the exploration and production of natural gas in the Gulf of Guayaquil in the south-west will be auctioned. Winning bidders will have up to five years to develop the field and find a market.

The law also permits the private sector to increase capacity of the Trans-Ecuadorean pipeline from the Amazon region across the Andes to the Pacific.

US gives warning over foreign interests in Cuba

By Canute James in Kingston

Prospective foreign investors in Cuba have been warned by the US and by at least one company whose assets were seized by the Cuban government that they could face legal problems if they invest in nationalised property.

This follows recent Cuban statements that its efforts to attract foreign investors to several sectors of the state-controlled economy are succeeding.

Jamaica's economic development agency has told the island's hoteliers that the US government has suggested that they proceed with caution in investing in Cuban resort properties, as many of these could be the subject of legal proceedings in the future.

Bacardi, the world's largest rum producer, said on Wednesday that potential investors in Cuba faced legal risks if they became involved in confiscated property, including three breweries and a distillery which were seized from it by the government.

The US State Department said it sent warnings periodically through government agencies in countries from which investments in Cuba are being made. Jamaican hoteliers have invested in Cuban properties.

"These notices have been sent not only to Caribbean countries, but also mainly to Europe, Canada and Latin America," said an official. "We cannot tell people not to invest in Cuba, but we are warning them that when the political and economic situation in Cuba changes, the real owners of the property will either want to recover their assets or will want what could be a significant compensation. Some will want both."

Mr Manuel Cutillas, president of Bacardi, has written to big distillers and brewers in several countries, saying the three Cuban breweries were on a list of 131 properties for which the Cuban government was seeking foreign partners. The company's assets in Cuba were worth $70m (£47m) when they were confiscated, he said.

"It is Bacardi's position, supported by expert legal advice, that its confiscated assets continue to be its lawful property, and that no one who accepts a purported conveyance of any such property from the Castro regime will acquire good title under either Cuban or international law," Mr Cutillas said.

Earlier this month President Fidel Castro told foreign businessmen that investment opportunities in Cuba were worth many billions of dollars, and that the tourism sector alone had the potential for $20bn in new foreign business.

He said opportunities for foreign investment in Cuba were going so fast there would be "not one square metre of beach" left for US companies because of Washington's economic embargo.

Brazil corruption inquiry is 'opportunity for democracy'

Angus Foster reports on hopes of a flushing out of the political system

In an annex to the Brazilian Congress in Brasilia, government and central bank officials have been poring over the financial records of some of the country's leading politicians. The findings, released amid the din of a congressional hearing, have detailed a wide network of political corruption, led to the downfall of several senior figures and threaten many others.

There is no consensus about whether these politicians are likely to be punished. But there is that the process is positive for Brazil's still emerging democracy.

After the peaceful removal of ex-president Fernando Collor last year amid separate corruption allegations, the latest scandal is seen as marking another chance to modernise the country's political system, which emerged in the mid-1980s from two decades of military rule.

"With democracy you learn by mistakes. After so many years of the military, it is taking time for society to win back control of their government," says Mr Fernando de Hollanda Barbosa, a Rio de Janeiro-based economist.

The scandal surfaced last month when a former government official accused nearly 30 politicians and former and acting ministers of involvement in corruption schemes. He said those involved had received fees in return for approving construction projects detailed in the government's budget.

A special parliamentary inquiry was set up and has unearthed payments, often of several million dollars, in the bank accounts of some of the accused.

Although no politician has admitted wrong-doing, the affair has already forced the resignation of Mr Henrique Hargreaves, the equivalent of a chief of staff, and two of the most senior figures in the country's largest political party, the PMDB. It is also likely to lead to further inquiries into related allegations, including claims that large construction companies paid fees to politicians in return for favours.

Among ordinary Brazilians, already cynical about their institutions after the resignation of former president Collor and his replacement by President Itamar Franco, the affair has led to a wave of protest. Helped by intensive media coverage, public anger has been visible in marches organised in many Brazilian cities to demand action.

Mr Lucia Bemquerer, a businessman in the south-eastern state of Minas Gerais, helped organise a march to the country's capital Brasilia and the lighting of a special torch. "The torch will burn until these people are punished," he says.

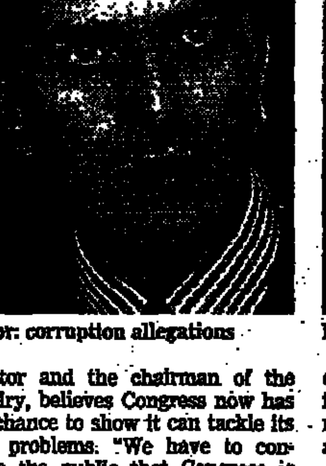
It may need to burn long. Constitutionally, congressmen have immunity from prosecution for any crime unless their respective house votes to withdraw it. This unusually wide immunity was introduced after the military period to bolster the powers of Congress against the executive. Immunities have rarely been lifted.

Meanwhile, the inquiry's only form of punishment is the *cassaçāo* of anyone suspected of guilt, equivalent to the withdrawal of political rights and immunities.

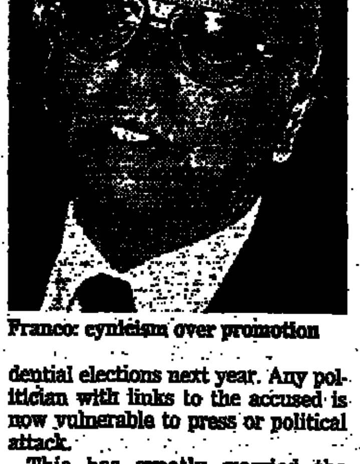
Even without congressional protection, proving money came from corrupt sources would be difficult. For example, some of the accused claim that money was left over from campaign contributions (though other politicians point out that campaigns usually run up big debts rather than profits).

These difficulties have prompted suggestions that, other than the *cassaçāo* of about 10 main suspects, the affair will blow over once the inquiry finishes just before Christmas. For real change, some analysts argue, Brazil needs an independent judiciary willing to prosecute. At present, Brazil's judiciary is poorly funded and is perceived as neither independent nor willing.

However, this view overlooks two important changes which are already taking place. Public anger has accelerated moves in Congress to confront long-standing problems for the first time. For example, the rules on immunity are likely to be tightened and the lower house is already considering lifting immunities more regularly. New regulations on regular disclosure of assets for all members of Congress are also being proposed.



Collor: corruption allegations



Franco: cynicism over promotion

Mr Jarbas Passarinho, a respected senator and the chairman of the inquiry, believes Congress now has the chance to show it can tackle its own problems. "We have to convince the public that Congress is not the centre of all Brazil's wrongs," he says.

The scandal has also forced political parties to rethink plans on candidates for congressional and presidential elections next year. Any politician with links to the accused is now vulnerable to press or political attack.

This has greatly worried the PMDB, which has been most closely linked with the allegations. Some party leaders say it will not survive the elections intact and that some groups may break away so as not to be tainted.

At least three potential presidential candidates have been touched by the scandal or have become targets of other allegations, such as the taking of illegal commissions, since the inquiry began.

Although the media, middle classes and the left will increasingly demand probity in politics, the process may take longer to take root elsewhere. For example, a frequently heard sobriquet in São Paulo about one of its leading politicians translates as "he robs but at least he gets things done".

Mr Nelson Jobim, a leading PMDB congressman, argues that candidates seeking re-election will have to prove their honesty, while new candidates will have to promise it convincingly. "Discussion of morality will be acute in the 1994 elections," he says.

However, a proportional representation system which strengthens regional rather than national affiliations and a weak party system which exaggerates the power of individuals will remain problems.

"The majority of actors will change, but the personality-types will remain more or less the same," Mr Jobim says.

FIA WORLD CUP 1993

Protest at killing of Islamic fundamentalist military commander

Israeli troops wound 34 in Gaza violence

By Julian Ozanne in Jerusalem

Violence flared in the occupied Gaza Strip yesterday as Israeli troops shot and wounded at least 34 Palestinians protesting at the Israeli killing of an Islamic fundamentalist military commander.

Militants of Hamas, the Islamic movement opposed to peace with Israel, blocked roads with burning tyres, clashed with Israeli troops and ordered a three-day general strike to mourn the killing on Wednesday night of Mr Imad Aqel, northern Gaza commander of Hamas' military wing. In a military communiqué, Hamas, recalling the words of Mr Aqel, said: "Killing Israeli soldiers is a worship by which we get close to God".

The eruption, the worst since the peace agreement between Israel and the Palestine Liberation Organisation was signed in September, came as Mr Yassir Arafat's Fatah faction of the PLO was defeated in student elections at Beir Zeit University in the occupied West Bank by a coalition of Hamas and left-wing PLO factions opposed to the peace accord.

The Beir Zeit poll was the first electoral test of young Palestinians since the peace agreement was signed. It marked Palestinian discontent with the lack of results from the peace process and continued Israeli closure of the territories.

However, Mr Shimon Peres, Israeli foreign minister, said yesterday he and Mr Arafat were optimistic about the peace process and confident agreement would be reached on implementing the peace accord and beginning Israeli military withdrawal from Gaza and the West Bank area of Jericho by December 13.

Israel and the PLO said talks on implementing the agreement, to be enshrined in the December 13 protocol, had, over the past two days, reached broad agreement on the transfer of authority from the Israeli-run civil administration in Gaza and Jericho to Palestinian hands. Mr Hassan Asfour, a member of the PLO delegation meeting the Israeli side in the Egyptian resort town of El-Arish, said most matters had been resolved, including fisheries, religious affairs and identity cards.

In Cairo, separate Palestinian and Israeli negotiating teams were trying to reach agreement on issues including the size of the Jericho area, the release of 10,000 Israeli-held Palestinian prisoners and control over border crossings between Gaza and Egypt and between Jericho and Jordan.

In talks in Paris, an Israeli official said Palestinian agricultural produce, previously barred from entering Israel, would be allowed in if both sides agreed on a customs union and free movement of goods and services.

Hosokawa in bid to settle coalition rifts

By William Dawkins in Tokyo

Hosokawa: 'hands tied'

Japan's prime minister Morihiro Hosokawa yesterday met leaders of the seven parties in his fragile coalition, in an attempt to make progress on the most divisive tasks facing the government.

The meeting follows a warning from senior members of the Social Democratic party, the largest coalition member, that they will walk out if the government drops the ban on rice imports.

The SDP has threatened to defect on other issues before, risking the collapse of the coalition, but has each time compromised.

This time, it will be harder for the rest of the coalition to satisfy the SDP on rice, because it is holding to an agreement between coalition members in July, when the government was formed, to oppose rice market liberalisation.

Mr Hosokawa told the SDP at a meeting earlier this week that he cannot negotiate on rice "if my hands are tied," SDP officials said.

Pressure on the coalition to settle its internal difference on rice is increasing with the approach of the December 15 deadline for concluding the Gatt world trade liberalisation talks.

An agriculture ministry draft, leaked to the Japanese press, is said to propose a period of limited market opening until 1991, to be followed by negotiations to allow imports subject to tariffs.

The SDP remains out of line with the rest of the coalition on most of the main issues. On rice and on political reform, it is in curious company with the right wing of the opposition LDP.

The LDP was yesterday delaying the start of a debate on four political reform bills in the upper house, on which many Socialists also have reservations. This increases the likelihood that Mr Hosokawa will have to prolong the current parliamentary session beyond its normal closure on December 15, to meet his deadline of passing the bills by the end of the year.

Coalition leaders appear to be making progress, however, towards settling the main difference over tax reform with the SDP.

The socialists opposed initial plans for an income tax cut, to be automatically followed by a consumption tax rise, on the grounds this would hit the less well-off.

The coalition is understood to be in the final phase of preparing plans for a tax cut to be financed by the issue of treasury bonds, to be followed by a possible rise in consumption tax at an unspecified later date.

● Department store sales fell 6.5 per cent year-on-year in October, for the 20th month running, according to the Japan Department Stores' Association. This is slightly better than the previous month's 6.7 per cent fall, but November sales are expected to be poor.

Egyptian PM escapes Jihad bomb blast

By Mark Nicholson and Shahira Idriss in Cairo

Mr Atef Sikdi, Egypt's prime minister, yesterday escaped an assassination attempt by Islamic militants after a powerful bomb exploded beside his motorcade near his home in northern Cairo, killing a schoolgirl and injuring at least 11 others.

Mr Sidki, 63, was unscathed. Jihad, an extremist Islamic group, immediately claimed responsibility. The bombing was to "avenge the blood of the martyrs", a reference to Jihad members killed by security forces or sentenced to death in recent trials.

The attack is the third failed assassination attempt on an Egyptian minister in eight months. Mr Safwat al-Sherif, information minister, survived a shooting near his home in April, while Mr Hassan al-Alfi, interior minister, was injured when a bomb exploded near his motorcade in central Cairo in mid-August, an attack also claimed by Jihad.

Six cars parked 800 metres from the prime minister's home were damaged by the blast; one, presumed to have contained the bomb, was destroyed. Mr Sikdi, on TV a few hours after the attack, warned the government would toughen its clampdown on Islamic extremists. "We are going to control this by all feasible, and any other means," he said.

Eight members of Jihad, which its members claim is a revival of the group which assassinated President Anwar Sadat in 1981, were sentenced to death on terrorist charges last month. Nearly 40 extremists have been condemned to death since the government introduced special military courts earlier this year, and 18 have been hanged.

The government's security operations have led to an abatement in attacks on tourist targets and bombings in the Egyptian capital, although tit-for-tat killings of Moslem extremists and police have persisted in in Upper Egypt. Since last year 210 people have died in extremist violence.

Another 400 alleged members of Jihad are scheduled for trial, facing possible death sentences, in the next few months.

Asian Moslems score gains

By Victor Mallet in Bangkok

Associated Press

Moslem students outside the Jakarta parliament demand the abolition of the national lottery

Fundamentalist Moslems won two victories over their secular opponents in south-east Asia yesterday, underlining the growing importance of Islam in the region's politics.

In Jakarta, the Indonesian government bowed to pressure from students and religious leaders and abolished a national lottery after weeks of demonstrations.

Gambling is prohibited under Islam, and the lottery was criticised for the way it was managed and for attracting money from people who could ill-afford it.

Ms Endang Kusuma Suweng, Indonesian social affairs minister, told a parliamentary commission that the government was reversing an earlier decision to continue the lottery, which raised money for sports and welfare projects and contributed to the government's tax revenue.

Hundreds of students, confronted by riot police outside the parliament buildings, cheered the minister's announcement.

In Malaysia's Kelantan State 1,400km to the north west, the state assembly unanimously passed a bill to introduce a *sharia* criminal code that includes stoning to death for adulterers and the amputation of limbs for thieves.

The Kelantan coalition government is led by fundamentalists from the Parti Islam se-Malaysia (PAS) who oppose the federal government of Dr Mahathir Mohamad, the prime minister.

Malaysian officials say that for the measures to take effect in Kelantan, PAS will have to engineer a two-thirds majority in the national parliament in Kuala Lumpur to change the constitution.

A constitutional amendment is likely to be blocked by Chinese Christians and moderate Moslems but the federal government has reason to be concerned: among the state legislators who voted for the *sharia* bill were two representatives from Dr Mahathir's ruling National Front.

"Let the law of the state be Islamic law," Mr Wan Najib Wan Mohamad of the National Front was quoted by the Bernama news agency.

Jakarta has ruthlessly suppressed an Islamic separatist rebellion in Aceh, northern Sumatra, but both President Suharto of Indonesia and Dr Mahathir have sought to co-opt staunch Moslems by encouraging "interest-free" Islamic banking and establishing Moslem organisations.

Indonesia, with 90 per cent of its 190m inhabitants nominally Moslem, has the world's largest Moslem population. In 1991, Mr Suharto undertook a pilgrimage to Mecca and returned with an honorary first name, Mohammed.

Taipei eases foreign investment curbs

Taiwan yesterday announced a package of reforms easing curbs on foreign investment in its financial markets to accompany the island's bid to join the General Agreement on Tariffs and Trade, Reuter reports from Taipei.

All curbs on remittances of capital gains and principal out of Taiwan by foreign investors in the island's securities markets would be removed, the finance ministry said. Foreign investors would have nine months after initial approval to bring funds into Taiwan, up from six months at present.

The 10 per cent ceiling on combined foreign investment in any individual stock, and a 5 per cent ceiling on investment by a single foreign institution, would both be raised. An official said the first ceiling would be raised to 20-30 per cent, and the second to 10-15 per cent.

The ministry planned to abolish all curbs on foreign investment in securities houses, insurance firms and investment companies. The reforms "will open our markets, helping us to join Gatt and speeding our development into a regional financial centre," the ministry added.

All relevant government agencies had agreed to the reforms, which still needed the approval of the cabinet and in some cases parliament. No schedule was set. Foreign fund managers welcomed the reforms. Curbs on fund remittances, such as a rule that capital gains can only be remitted out once a year, have helped deter inflows of foreign equity investment funds, totalling \$1.86bn (£1.24bn) since 1991.

Top Thai broker fined £1m

By Victor Mallet in Bangkok

The Stock Exchange of Thailand yesterday fined Phatra Thanakit, a leading stockbroker which co-operates with S.G. Warburg on company research, a total of Baht 40m (£1m) for breaking exchange rules. Officials said they thought the fine was the largest imposed since the exchange was founded in 1975.

Phatra Thanakit was guilty of automatically channelling a stock order from a sub-broker on to the market instead of re-keying the order on its own computers, the exchange said.

The practice is believed to be common in Thailand, and the misdemeanour only came to light because the sub-broker, Peregrine Finance and Securities, mistakenly issued a sell order worth \$1bn (£600m) for 200m shares in Ayudhya Investment and Trust (Aitco) instead of the 2,000 actually being sold by a client.

Aitco only has 25m shares in issue, and 18m were sold before Phatra and the exchange was able to correct the mistake. The transactions were subsequently annulled, saving Phatra from substantial losses.

Phatra shares were suspended, and after the suspension was lifted yesterday the shares dropped almost to their 10 per cent limit, falling Baht 68 to Baht 636.

Some rival stockbrokers said the fine was reasonably severe, amounting to more than 4 per cent of Phatra's Bt912m net profit in 1992. They noted it did not preclude further action by the Securities and Exchange Commission.

Others, however, criticised the exchange for cancelling the Aitco transactions.

Investors wary about China

Asian contractors and western equipment suppliers were yesterday pondering the opportunities offered by Chinese plans to spend as much as 700bn yuan (\$140bn) over the rest of the decade in upgrading the country's transport and service infrastructure.

But a degree of wariness greeted the plans announced on Wednesday by the official Xinhua news agency, which said foreign participants would be encouraged to invest in joint ventures or as sole operators for the railway, highway, waterway, pipeline and civil aviation schemes Beijing envisages.

Some operators in the Chinese market noted that, while the authorities are clearly concerned that inadequate transport is holding back growth potential in the economy, large-scale national programmes announced in the past had amounted more to wish-lists than realistic shopping lists.

Others, pointing to the difficulties inherent in doing business in China, added that infrastructural projects rarely offered the best returns.

Companies in Hong Kong are arguably best placed to benefit from China's need for foreign participation in infrastructure development. They dominate foreign investment in road, rail, and electric power and are important players in the mainland's emerging market for telecommunications services.

In spite of peerless *guanxi* (connections) many have encountered difficulties at the working level. Hopewell Holdings is currently building a six-lane toll-way between Shenzhen and Guangzhou in Guangdong. The road was due to be open in June this year. By the end of the year, at best, two phases of the four-phase project may be ready.

South Korean construction companies, which have been shifting their focus from the Middle East to Asia during the last decade, view China as a new lucrative market. Several proposed ventures have collapsed, however, including the construction of \$10bn motorway between Hong Kong and Beijing that involved Dong-Ah Construction and Pohang Iron and Steel.

Japanese banks may be thought of as a source of funding – the railway lines of northern China were constructed under Japanese authority early this century, and Industrial Bank of Japan helped to raise the necessary finance by underwriting Manchurian Railway Bonds in 1907. But one banker in Tokyo yesterday suggested that infrastructure projects such as railways and ports appear to be among the least attractive in China, as ensuring a flow of hard currency for repayment would be difficult to arrange.

Foreign participants will be encouraged to invest in joint ventures or as sole operators for infrastructure schemes

Most of the Japanese institutional lending has been aimed at hotel projects and joint venture companies. A China department manager at another Japanese bank, saying that "China is an awkward place to do business and you have to be aware of the risks," believed that infrastructural projects "would have to be very attractive if we were to be involved."

All the same, contractors in the region are pursuing what deals they can. Korea's Dong-Ah, in spite of its other setback, signed a letter of intent with the Beijing municipality in July to build motorways, a subway and cement plant in the city with a total value of \$3bn. Hyundai Engineering and Construction is bidding for a \$3bn dam project on the Yellow River, which should be tendered within the next year or two.

Of leading Hong Kong companies, Hutchison Whampoa owns 70 per cent of a Yuan 500bn container port development at Yantian in Shenzhen. New World Development is involved in road and power station construction in Guangzhou, while Cheung Kong – which also controls Hutchison – has interests in electric power generation.

Consolidated Electric Power Asia (Cepa), a unit of Hopewell which it plans soon to float, is building its second thermal power station in Guangdong.

Among western suppliers which will be paying particular attention to China's spending plans are those providing railway equipment: the country aims to boost its railway network from 53,000km to 70,000km by the year 2000 and increase rolling stock capacity by 20 per cent.

According to Siemens of Germany, because of China's 1.2bn population and car ownership likely to remain at relatively low levels, the country needs an extensive public transport infrastructure.

China has a well-developed railway equipment industry, with 33 locomotive companies and rolling-stock factories. Steam engine production at the main Datong works ceased in 1988. The main emphasis has been on diesel and electrical units.

The majority of China's diesel and electric locomotives are locally built, but imports also rose sharply in the 1980s, with foreign suppliers including General Electric of the US, Alsthom of France (now GEC Alsthom) and Electroputere of Romania. Rolling stock has been supplied from the former East Germany.

Because of the strong local industry, Asea Brown Boveri, the Swiss-Swedish group, believes opportunities are more likely in supplying sophisticated components rather than complete foreign-built vehicles.

Technology transfer for modern locomotive propulsion is one option. ABB has signed a letter of intent for a joint venture to produce signalling equipment, which it sees as a way for China to better use its railway network, safely.

Siemens also stresses the importance of local partnerships, and sees two key opportunities from the Chinese market. The first is in urban mass transit. A consortium including Siemens and AEG last week clinched a DM700m (£277.7m) deal to supply the trains and related electrical equipment for an underground railway in Guangzhou in the southern province of Canton.

Similar projects could be available in six or seven other Chinese cities in the next five or 10 years, Siemens said.

The second main opportunity is in national railway services, where China is considering building a high-speed rail network. The first step would be a line from Beijing to Shanghai, which China has already been discussing with the big western suppliers, notably Siemens with its ICE train and GEC Alsthom, which builds the TGV.

Expansion of the railway network also creates export opportunities for suppliers of premium grade rails such as British Steel. The UK steel producer sold 10,000 tonnes of such rail to China last year and yesterday welcomed the planned network expansion.

Reporting by Andrew Baxter in London, Simon Holberton in Hong Kong, John Burton in Seoul and Robert Thomson in Tokyo

NEWS: WORLD TRADE

S Africa mission marks change in US stance

By Philip Gawith in Johannesburg

Mr Ron Brown, the US commerce secretary, arrives in South Africa tomorrow for a visit which signals the opening of a more constructive era in economic relations between the two countries.

His trip comes only days after President Bill Clinton signed the South Africa Democratic Transition Support Act, formally bringing to an end the era of federal US sanctions aimed at ending apartheid.

Although Mr Brown's visit will probably have limited practical impact in the short term, it conveys a powerful symbolic message. Mr Princeton Lyman, US ambassador in South Africa, comments: "It signifies a very basic change from a negative to a positive relationship with South Africa. The whole tone shifts."

This shift from isolation to engagement was confirmed on Tuesday by Mr Clinton. He noted that removing sanctions was not enough. "Americans who have been so active in toppling apartheid must remain committed to building South Africa's non-racial market democracy."

"The visit confirms a real interest in South Africa's potential as a viable trading partner and bulwark of economic strength and stability in the region and on the continent," said Mr Brown.

Despite the impact of sanctions, there is a substantial base upon which to develop US-South Africa trade relations.

South Africa is only the US's 34th largest export market, but it remains the largest in Africa, a continent where, Mr Lyman concedes, "the US has not done very well".

The US recently surpassed Germany as South Africa's

It marks 'a very basic change from a negative to a positive relationship'

largest trade partner. Mr Lyman estimates bilateral trade now to be in the region of $5bn. Commerce Department figures show that in 1992 US exports to South Africa totalled $2.4bn, 14 per cent of South Africa's total import market, with US imports from South Africa of $1.7bn.

The US has fared less well in terms of investment. Figures from the Washington-based Investor Responsibility Research Centre (IRRC) show that as of September only 135 US companies had employees or direct investment in South Africa, compared to 267 in May 1986.

The stock of US investment in South Africa is put at about $1bn. Certainly, however, the trend has started to turn.

The past two months have seen food manufacturers Pillsbury and CPC International enter the market, following such other companies as Mars, Microsoft and Digital Equipment Corporation. IBM has recently confirmed it will probably be returning, Procter & Gamble is known to be taking a close look and McDonald's, Anheuser-Busch and Hyatt are all expected to establish a presence.

A focus of Mr Brown's visit – his 50-member delegation contains representatives of many large US companies – will be an attempt to establish links between US companies and the emerging black business community in South Africa. Another issue sure to be discussed is South Africa's offer to Gatt in terms of the Uruguay round of trade talks. Aspects of the offer – particularly the high protection, and longer phasing-in period for tariff reductions for the clothing and textiles, motor and electronics industries – did not meet with approval from South Africa's trading partners.

Balladur may have to put his political survival on the line

France to use parliament as counter in Gatt talks

By David Buchan in Paris

The French government yesterday made clear its intention to use its parliament as an instrument of pressure in the Gatt talks, just as President Bill Clinton is using the time limit on his ability to get "fast-track" congressional approval of any deal to bring negotiations to an end next month.

Prime Minister Edouard Balladur wants a draft Gatt text to put before both the National Assembly and the Senate between December 10 and 15, Mr Gérard Longuet, the trade minister, said yesterday.

After a subsequent cabinet crisis meeting yesterday on Gatt, it became evident that the government was hesitant about putting a draft deal to a vote, because constitutionally that would probably have to be done in the form of a motion of confidence in itself. Mr Alain Juppé, the foreign minister, said: "We first need to know whether there will be a [Gatt] deal, because one votes on texts."

But, if such a draft Gatt text is not a law or international treaty – which it cannot be by mid-December – then under the French constitution the National Assembly can only vote on a matter of "general policy" involving a motion of confidence in the government itself.

Procedurally, the previous Socialist government had to put forward a confidence motion in itself to get the National Assembly to vote a year ago against the Blair House farm trade deal between the US and the European Commission.

Given that vote a year ago, and the subsequent raging national controversy over Gatt, Mr Balladur probably has no choice but to put his political survival on the line. A confidence motion should also have the effect of forcing his own RPR Gaullist party, which has a strong rural electorate, to line up behind his position.

Equally, however, there is an outside risk of Mr Balladur being toppled, if for instance, he falls out over Gatt with his party leader and presidential rival, Mr Jacques Chirac. The latter would take France on an even tougher course in trade and European policy, a risk that Mr Balladur is now effectively, through his parliamentary tactics, asking his negotiating partners to weigh.

The irony is that the National Assembly – the directly elected house of the French parliament which determines the fate of French governments – has never before voted on any aspect of the Gatt negotiations, not on France's membership of Gatt in 1947, nor on any of the agreements from subsequent negotiating rounds.

● The main French farm union, FNSEA, has asked the French government to demand compensation from the US, Canada and Mexico for the diversion of French and European farm exports as a result of the forming of the North American Free Trade Agreement.

● Both US and European Union trade negotiators talked encouragingly yesterday about the prospects for successfully settling their differences in the Uruguay round of global trade liberalisation, David Dodwell, World Trade editor, adds from Geneva.

They raised hopes that details of a deal might be ready for disclosure by Wednesday next week, when Mr Mickey Kantor, the chief US trade negotiator, flies to Brussels for further discussions with Sir Leon Brittan, his EU counterpart.

One senior US official fresh from this week's Kantor-Brittan meetings in Washington talked of "a close-out sort of mood" in the negotiations: "There was a very positive sense that we are going to get there," he said.

He also acknowledged that the terms of agreement – particularly in the area of tariff cuts on products such as semiconductors, textiles, wood, paper, ceramics and glass – needed urgently to be spelled out to other negotiators well ahead of the December 15 deadline for completing the round. He refused to detail the progress made in Washington, but said the EU knew the minimum acceptable to the US, while the US knew the best it could possibly get from the EU.

Japanese consortium wins Shanghai steel deal

By Robert Thomson in Tokyo

A consortium of seven Japanese companies has won a contract worth an estimated $500m to $600m (£340m to £405m) to supply equipment for a new steel production facility at the Baoshan complex, near Shanghai.

The Japanese group, headed by Mitsubishi Heavy Industries and Mitsubishi Corporation, signed a contract at the weekend, despite a long history of problems at the plant, touted as China's largest industrial project when conceived two decades ago.

Members of the consortium say they have been told by the Chinese partner not to release details of the contract, but the companies will supply equipment for a hot-rolled steel sheet facility capable of producing 2.8m tonnes a year.

The Baoshan plant was plagued by problems after its conception, and a decade ago Japanese companies suffered when contracts to supply equipment were renegotiated by the Chinese government.

Construction schedules had to be revised because the marshy plant site was far softer than estimated in a feasibility study and extra foundation work was necessary to stop the facility from sinking.

Equipment exported from Japan was designed to process higher-grade ore than was generally found in China, forcing Baoshan to import more Australian ore than was planned. Meanwhile, the site's port was too shallow for large ore carriers to dock, forcing them to unload down river, increasing the transport costs.

"We think we will have no problems this time," one of the Japanese companies said. Apart from MHI and Mitsubishi Corporation, the consortium includes Mitsubishi Electric, Ishikawajima-Harima Heavy Industries, Nippon Steel, Chugai Ro, an industrial furnace maker, and Ube Industries, a chemicals and machinery producer

It is understood that Baoshan Iron and Steel Complex corporation, which has traditionally relied on investment funds from the state, will be responsible for raising much of the finance for the expansion, to be completed in late 1996.

The Baoshan complex produced 6.3m tonnes of steel last year, and is expected to increase its output to 10m tonnes by 2000, as part of a national plan to lift steel production from 80m tonnes last year to 100m tonnes by the century's end.

Shiseido, Fujitsu plan ventures

The queue of Japanese companies seeking to expand in China lengthened yesterday, when Fujitsu, the computer group, and Shiseido, the cosmetics maker, announced projects there, William Dawkins writes from Tokyo.

Fujitsu is planning to open two joint ventures there next year, to make 10,000 cellular telephones a month and 1m switchboard circuits a year. The aim is move from exporting cellular phones to China from the US and Japan, to producing locally, said Fujitsu.

The group already has a joint venture in Shanghai making switchboard software and hardware, and wants to expand to meet the growth in local demand.

Shiseido has announced the opening of a cosmetics factory operated with a local partner, Beijing Liyuan, in Beijing.

Bangkok Land to develop rail link

By William Barnes in Bangkok

Bangkok Land, the Thai capital's biggest property company, has been picked by the government's Metropolitan Rapid Transit Authority to negotiate and build an elevated mass transit system.

The MRTA's consultants, De Leuw Carther International, said Bangkok Land offered the best scheme for building the planned 20km loop of elevated railway at a projected cost of about $1.3bn (£880m). Two other companies, Tanayong and Thanachart Holding, are ranked second and third.

Bangkok Land's turnkey contractors will be Thai Leighton and Bouygues Thai, associates of Australian and French groups respectively. The US-German AEG Westinghouse group is to supply equipment. Ironically Leighton and AEG, as the Euro Asia Consortium, bid for this contract in the 1980s when it was known as the Skytrain project.

Skytrain's original concessionaire, Canada's Lavelin-SNC group, was fired last year nearly two decades after the project was conceived.

Mr Anant Kanjanapas, chairman of Bangkok Land, joins the long-running game of trying to beat the political infighting and planning inertia which has so far prevented one metre of mass transit track being laid to relieve Bangkok's appalling traffic.

However Mr Anant is unusually ambitious and confident: he surprised the financial community in October by announcing a $600m convertible bond issue in the international market to fund the MRTA project before he had even won it.

Fiat acts fast over program copies

Fiat, Italy's largest private sector company, bought 30,000 software licenees in two weeks after investigators discovered illegal copies of popular computer programs in use at La Stampa, the daily newspaper owned by the Italian motor group, Alan Cane reports.

The raid on La Stampa's offices was authorised by the courts after the Business Software Alliance, an organisation of US packaged software suppliers campaigning against software piracy, produced evidence that illegally copied software was being used.

The BSA has already brought at least 150 actions against companies in Europe.

Judge dismisses Polly Peck disqualification move

Andrew Jack

A HIGH COURT judge has dismissed on lack of evidence attempts to bring disqualification proceedings against four directors of Polly Peck International, the collapsed fruit-to-electronics conglomerate.

In transcripts of a hearing earlier this month which have just become available, Mr Justice Lindsay calls the case made against the directors "at best speculative and very weak".

His ruling covers Mr David Fawcus, Polly Peck's finance director, Mr Mark Ellis, joint managing director in 1983-87, and Mr Lawrence Tindale and Mr Ulf Siebel, two non-executive directors.

The judgment will prove an embarrassment to the Department of Trade and Industry, which was last month heavily criticised in a National Audit Office report on the process of directors' disqualifications.

It appears to focus any responsibility for alleged misconduct among the directors solely on Mr Asil Nadir, the former chairman of Polly Peck facing charges valued at £34m for theft and false accounting who illegally jumped his bail conditions and fled to northern Cyprus in May.

The DTI was requesting more time to bring disqualification proceedings beyond the normal statutory limit of two years following the insolvency of the company.

But the judge said there had been delays in preparing the case that were "unreasonable", and that there was "no good reason" for the extensions sought. He added that further delays would prejudice the directors under scrutiny.

The DTI's case was based on statutory reports submitted on each of the directors made by Mr Christopher Morris, a partner with accountants Touche Ross and one of the joint administrators of Polly Peck.

Most of the reports are believed to have been couched in general terms without strong specific evidence that would justify disqualification. One against Mr Nadir was highly critical. The DTI initially launched and then dropped proceedings against three other directors: Mr Asil Doshi, finance director until 1986, and Mr William Halpin and Mr Neil Mills, both non-executive directors.

The transcript shows that the DTI case against the directors was based on four general charges related to failures to introduce adequate financial controls, and to monitor or question spending in Polly Peck's Near East subsidiaries.

The DTI has just a few days left for an appeal.

Trademark code 'should save UK industry £60m'

By Robert Rice,
Legal Correspondent

Government proposals to reform trade marks law should save British industry £60m in the first year after implementation and £30m a year thereafter, according to Mr Patrick McLoughlin, trade and industry minister.

The Trade Marks Bill, published yesterday, will make it simpler and cheaper for businesses to protect their trademarks overseas and bring UK law into line with Europe, he said.

Half the savings in the first year will come from the UK's ratification of the Madrid Protocol on the international registration of marks.

This will enable businesses to register their trademarks in all the countries which are party to the Madrid Agreement with a single application. At the moment companies have to make separate applications using local lawyers each time.

The remainder of the savings will come from the streamlining and deregulation of procedures and from making it easier for businesses to protect valuable marks without having to bring expensive and lengthy passing-off actions.

Some trademarks have been valued in balance sheets at several hundred million pounds each, Mr McLoughlin said.

The legislation will also replace the outdated tests for distinctiveness. In future registration will depend on whether a trade mark is actually distinctive in the market place. This means it will be possible to register three dimensional shapes and geographic words as long as they are distinctive.

At the moment this is impossible under current law following decisions by the UK Law Lords in cases involving Coca-Cola bottles and York Trailers.

Mr McLoughlin said it might also be possible to register a colour or even a sound or a smell as a trademark, provided it was sufficiently distinctive and could be represented graphically.

Trevor Humphries
MPs from Britain's three main political parties yesterday launched a poster campaign urging chancellor Kenneth Clarke not to impose value-added tax on publications in next Tuesday's Budget

Hitler saw wartime Britain as divided

Adolf Hitler believed that Britain suffered from such severe internal divisions that at the end of 1941 it could be defeated without an invasion, according to hitherto unpublished documents from Britain's Public Record Office, Stewart Dalby writes.

The intelligence files also appear to refute accusations that Mr Winston Churchill, the British war-time prime minister in 1941, knew in advance about the Japanese attack on Pearl Harbour.

The secret material, released as part of Britain's 'open government' initiative, involves 1,200 files which additionally appear to confirm that as early as 1942 the British government knew about deaths at Auschwitz camp.

The reports itemise a report from the Japanese ambassador in Berlin on German war plans as told to him by Joachim von Ribbentrop, Hitler's foreign minister, and give new insights into novel code-breaking initiatives in Britain which reveal that the Führer believed that conditions in Britain were bad and thought that as a result of Germany's future operations, it might be, without an invasion, Britain might be beaten.

He cited the spilt in the Conservative party, the lack of confidence in Winston Churchill, and the revolutionary ideas of the Labour party were making internal conditions quite difficult.

The class of records published contain the actual intelligence documents with their cover notes passed to Churchill, or in his absence to the Lord Privy Seal or deputy prime minister, complete with annotations and minuting. The documents are available for inspection at the Public Record Office near London, Surrey from today.

Clarke hints at Budget tax rises

By Philip Stephens,
Political Editor

Mr Kenneth Clarke offered a clear hint yesterday that the burden of tax increases in next Tuesday's Budget would fall on consumers rather than industry.

The chancellor's comments came amid Whitehall speculation that he will seek to soften the impact on the construction industry of government spending cuts by setting firm targets for privately-financed infrastructure projects.

The officials said that to avoid the embarrassment of a tight squeeze on the government's own capital spending they expected Mr Clarke to outline in much greater detail the contribution he expected private finance to make to new roads, prison building and housing projects.

Speaking in the his last Commons appearance before the Budget, Mr Clarke was at pains to deny that he was offering a foretaste of next Tuesday.

But his repeated emphasis in a generally upbeat assessment of economic prospects of the need to expand Britain's manufacturing base left Conservative MPs in little doubt that industry would escape relatively lightly.

The chancellor told MPs that it was true that "we have to get industrial production up higher", adding that: "We all meet businessmen and those working in industry who know at the moment conditions are very difficult indeed". He emphasised also the need for faster falls in unemployment, saying it remained at "an unacceptably high level".

Facing a sharp attack from Mr Gordon Brown, the shadow chancellor, on its "broken promises" on taxation since the election, Mr Clarke reinforced expectations of further increases by stressing that his party had not committed itself never to put up taxes.

But he appeared to rule out that any increase in the standard 17.5 per cent rate of Value Added Tax by insisting that Labour predictions of such a move remained "spurious".

That left Conservative MPs predicting that the brunt of tax increases was most likely to fall on income tax allowances and on a possible extension of the VAT base. There are also expectations that Mr Clarke will again postpone the abolition of stamp duty on share transactions.

Vehicle tag plan for motorways

By Philip Stephens,
Political Editor

The introduction of direct charges on Britain's roads will be delayed until after the next general election by a government decision to rule out a system of permits to finance maintenance and improvement of the motorway network.

Instead Mr John MacGregor, transport secretary, has been given the go-ahead to develop his long-term plan for electronic charging of motorway users.

He believes electronic road tolls – based on computerised recorders or tags installed in cars and lorries – could be in place by 1998, a year or so after the last date for the election.

The government's discussion paper on road pricing suggested a permit system could bridge the gap before the technology now under development is sufficiently advanced to introduce electronic pricing.

Ministers said that the government could introduce a scheme similar to Switzerland's *vignette* system – under which motorists display a permit bought from post offices or petrol stations – by 1996.

But Mr MacGregor intends to announce within the next few weeks that the government has decided the idea is unworkable.

Ministers decided that it would be foolish to introduce any charges before the next general election. And they concluded that the flat-rate charges implied by permits would alienate many of the Conservative Party's traditional supporters.

The practical difficulties included the fact that the cost of permits would bear no relation to use, or timing of journeys. Once they had bought a permit motorists might increase their use of motorways to get the most from the cost. A flat-rate charge would also provide no incentive for off-peak periods. By contrast electronic pricing would provide the flexibility to vary charges for length and timing of journeys and charges would be on a strictly pay-as-go basis.

EuroAir sues BAe for $70m over aircraft

By Paul Betts, Aerospace Correspondent

British Aerospace was yesterday sued for more than $70m by a small Portuguese regional airline for alleged breach of contract and recurrent defects to three BAe Advanced Turbo Prop (ATP) aircraft it operated between 1988 and 1992.

EuroAir, formerly a regional subsidiary of the Portuguese state-owned airline TAP, issued the writ in the UK Commercial Court, claiming it had been persuaded to acquire the ATPs by the "negligent misrepresentations of BAe".

It claimed that from the time it began operating the aircraft on the Oporto to Lisbon route, it experienced "recurrent technical breakdown due to faults in the aircraft designed and manufactured by BAe".

EuroAir is claiming "in excess of" $70m damages from BAe and CIBC Finance Plc, the lease financiers of the aircraft, for being in breach of the implied terms of the leases.

The court documents show that CIBC Finance, part of the Canadian Imperial Bank of Commerce, repossessed the original three aircraft and claims EuroAir owes it $37.9m.

But the airline disputes this indebtedness and claims credit for the value of the three aircraft upon repossession of about $39.8m.

EuroAir claims it lost $11.1m during the period it operated the aircraft and an additional $66m for the effect on future trading profits.

BAe last night declined to comment on the writ except to say that 50 ATPs were currently in service with airlines in the UK and overseas and were "operating successfully".

The writ coincided with BAe's announcement that it was studying forming a joint venture to develop and manufacture turbopropeller aircraft with Indonesia's state-owned aerospace company IPTN.

Minister rebukes Nuclear Electric

By Michael Smith

Nuclear Electric, the state-owned electricity generator which runs 12 power stations, yesterday received a highly unusual government rebuke when Mr Tim Eggar said it was for ministers to decide whether the industry should be privatised.

The energy minister said the industry had to be realistic both about the desire of government to offer financial support and about "difficult issues" it would be raising in the forthcoming nuclear review.

Any decisions about privatisation would be taken by the government "when it is appropriate to do so and not before."

His comments in a speech to trade unionists represent one of the strongest attacks by a minister on a state-owned company. They follow Nuclear Electric's decision to stage a public campaign for privatisation ahead of the nuclear review the government has promised to launch this year.

Nuclear Electric also angered the trade and industry department in October by seeking planning permission for its proposed Sizewell C nuclear plant in Suffolk prior to the outcome of the review.

Mr Eggar provided some comfort for Nuclear Electric by saying the long-term future of the nuclear industry must be in the private sector. "I do not think the question is whether, but how and when it gets there."

Dublin police probe leaked memo

By David Owen

The Irish government yesterday underlined how seriously it regards last week's leaking of draft proposals for a political settlement on Northern Ireland by bringing the Irish police commissioner Mr Patrick Culligan into its efforts to track down those responsible.

The move came as the IRA said it was committed to securing "a just and lasting" peace, while accusing London and Dublin of "playing politics" with the issue.

Using an article in its Republican News mouthpiece, the IRA sought to undermine recent suggestions it might be tiring of the armed struggle.

The governments in London and Dublin should "harbour no doubts about the determination with which we, our activists and supporters will apply ourselves to realising our objectives," the article warned.

Accusing Britain of being "negative and dismissive" about the initiative launched by Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour party, and Mr Gerry Adams, president of Sinn Féin, it rejected as "propaganda" the view that Republican involvement in seeking peace stemmed from a position of weakness.

It said the initiative offered "the opportunity to move the situation on." "If the London and Dublin governments are saying they have an alternative then let us hear it."

In Dublin, Mr Dick Spring, the Irish foreign minister, offered fresh assurances to unionists about Dublin's intentions in efforts to reach a settlement.

"There should be no fears or suspicions among unionists. We are trying to end a very complex problem and bring about a situation where there is peace on this island and people can live and work together as friendly neighbours."

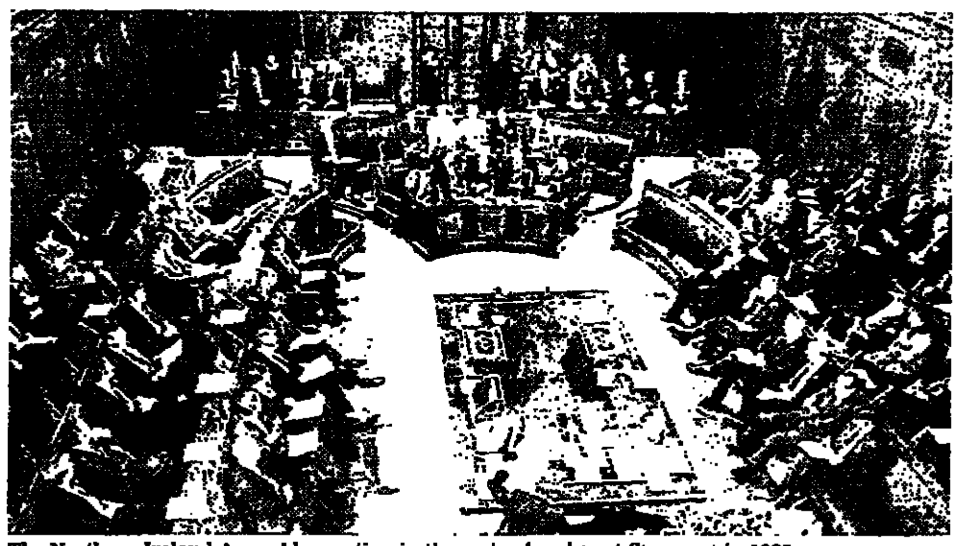
"I just wish that people could see that and have talks on the basis of tolerance and respect."

He hit out at the perpetrators of last week's leak, branding the perpetrators "the real betrayers of both communities in Northern Ireland."

Mr James Molyneaux, the Ulster Unionist leader, this week urged Mr John Major to drop his search for a comprehensive settlement, claiming Dublin's proposals offered "a structure that would bring about the unification of the Irish territory."

Model plan for Ulster assembly

David Owen on James Molyneaux's blueprint for devolved power



The Northern Ireland Assembly meeting in the main chamber at Stormont in 1985

The chances of a new Northern Ireland assembly appeared to improve this week after Mr James Molyneaux, the Ulster Unionist party leader, gave his stamp of approval to ministerial efforts to broker a compromise on a form of devolved government for the province.

As leader of the province's largest political party, with nine MPs available to bolster Mr John Major's slim Commons majority, Mr Molyneaux has an effective veto over the government's proposals.

At last year's abortive talks, a working party including all four constitutional parties agreed a blueprint for an 85-seat assembly with some legislative powers.

It is this provisional model which provides the best pointer to how the new body might be structured. It is far from certain, however, that all party leaders would find it acceptable.

The 85 assembly members would be elected under a system of proportional representation from the 17 Northern Ireland constituencies.

Unionists would probably push for most legislative powers to be retained initially in London. But Mr Molyneaux accepts that even if the assembly effectively began life as a regional council, its role would later be expanded if it functioned effectively.

"I have always said I am in favour of devolved government at as high a level as can be obtained without paying the price of unworkability."

Rev Ian Paisley's hardline Democratic Unionist party has proposed that the assembly have a right to submit to parliament any proposal securing the support of 60 per cent of assembly members.

There would continue to be a Northern Ireland secretary, but each of the Northern Ireland Office's government departments would be answerable to an elected assembly member. There are currently six departments, but they could be divided into smaller units.

It is understood that agreement was reached for these departmental heads to double up as chairmen of the assembly's committees. A formula would be applied to try to ensure that the number of these positions held by each party was proportionate to its numerical strength in the assembly.

The working party is also said to have agreed that a three-member 'panel' be set up, with its members elected in a similar way to the province's three MEPs.

This panel could be given powers of adjudication over controversial matters. Under one possible mechanism, it would be brought into play if 30 per cent of assembly members so requested.

According to some accounts, the panel's role might include approving public appointments in the province and promoting its interests abroad.

In Mr Molyneaux's view, there is a "fair chance" that Mr Michael Ancram, the Northern Ireland minister, can find common ground enabling the parties to start the process of restoring accountable democracy for the province "within a week or two."

He says he would back Mr Ancram if he secured agreement to the proposals outlined in the abortive talks. "If they find they cannot identify common ground at that level, they should move down the scale to a point where there is."

Britain in brief

UK official 'forgot' Iraq arms data

A top government administrator "forgot" to inform a minister that Matrix Churchill, an engineering company, had supplied Iraq with machine tools that had been used in the manufacture of missiles, the Scott inquiry heard. Mr Eric Beston, the official with the Department of Trade and Industry responsible for export licensing, said he had been told about the project through a secret Whitehall committee investigating Iraqi arms procurement, but had forgotten about it over the summer holidays.

This intelligence indicated that Matrix Churchill's lathes had been turned to military use at an Iraqi factory. But Mr Beston neglected to mention this in a letter to the trade minister of September 1898 ahead of a crucial meeting with the company.

Employer plea on more taxes

The Confederation of British Industry issued a plea to Mr Kenneth Clarke to refrain from a tax increase in next week's Budget on the grounds that this would jeopardise the recovery.

Mr Sudhir Junankar, head of economic trends for the employers' organisation, said any tax increase on Tuesday would put the UK into "uncharted waters" coming on top of the £6.7bn of higher taxes already announced for next April.

In its quarterly economic forecast the employers' body is drastically reducing its estimate of likely UK growth next year because of the effects of the fiscal tightening and weak demand prospects in many overseas markets. It is particularly worried by the outlook for companies whose profits are expected to grow only sluggishly next year after a big jump this year.

Wage pressure seen as danger

Manufacturers in the West Midlands fear that growing pressure for higher wages will damage both their competitiveness in export markets and the chances of a quicker recovery of the domestic economy.

The fears emerged at a meeting in Birmingham of the regional council of the Confederation of British Industry. They reflected the increasing difficulties of exporting companies in hanging on to their customers in depressed European markets, particularly Germany.

There are no reports of industrial disruption, said Mr Bryan Townsend, the chairman of the regional CBI and chairman of Midlands Electricity, but "there is pressure on wages we have not seen in recent times. We are seeing it at a time when margins are getting tighter."

Maritime group established

An Alliance of Maritime Regional Interests in Europe (AMRIE) is to be set up to provide a coordinated political voice for the maritime regions at European, national and regional levels.

AMRIE's main office will be based in north east England, in Tyne and Wear, it will also have a Brussels office.

The body, which is an initiative launched by three MEPs to boost economic development and environmental protection within maritime regions, has support from private enterprise as well as from public authorities.

Siemens-Plessey wins radar deal

Siemens-Plessey of the UK won a £25m radar contract from the Ministry of Defence. The RAF contract was won in the face of stiff international competition and boosts the chances of substantial export orders.

It is for three tactical air defence radars that will be used for operations overseas. They will replace existing Type 95 radars which have been in service since the 1960s and which are increasingly difficult to maintain.

Foreign forays in bargain Britain

Peter Evans on the impact of direct overseas investment

"The time to sell is when a foreigner starts to buy," is an old investment adage that held true in the UK in the late 1980s: between 1988 and 1990, an unprecedented wave of overseas money – some £7.5bn – poured into Britain's commercial property.

In contrast, while capital value growth reached a peak in 1988, rising by some 20 per cent in that year alone, by 1990 values were falling sharply as the market reacted to rising interest rates, a deteriorating economy, weakening demand and oversupply.

In hindsight the burst of foreign investment activity was both poorly timed and too focused on central London offices. If overseas investment in UK property had ceased at the end of 1990, observers would have rightly described the foray as a passing fad that rose and fell with the boom and bust of the late 1980s. However, the recent renewal of foreign activity is a positive development, suggesting interest in UK property is likely to be sustained.

In the last property cycle in the late 1980s, overseas investors followed the market up to its peak and beyond; since last year they have been setting the pace in exploiting opportunities in the low point of the cycle – with property prices at historically high yields and the economy recovering.

As a result, the old investment adage now has a hollow ring; no doubt many UK investors wish they too had spotted the opportunities at the low point in 1992 and begun buying as quickly as, for example, the Germans.

Although some way off the peak levels of 1988-90, foreign direct investment in UK property this year looks set to total £2bn-£2.25bn. This activity has been spurred by several factors, notably sterling's exit from the exchange rate mechanism last September which has made UK assets relatively cheap; lower interest rates; and an improving economy. Collectively, these factors justify industry expectations of continuing strong inflows of foreign investment at least until the end of 1994.

Another underlying attraction has been the UK's landlord and tenant system with its long leases, rent reviews and tenant responsibilities for repair and insurance.

At a broader level institutional investors look to cross-border diversification as a means of achieving a more balanced portfolio and a spread of risk. The continuing process of deregulation of cross-border capital transfers in Europe makes a globally-spread portfolio more attainable. However, the inability of most European property markets to provide objective performance measures is a constraint on potential foreign investors. The UK's established market and reputation for high-quality measures of performance help ensure it receives at least its fair share of international flows of investment.

The greater overseas investment in the UK in the past year has been generated from a large number of countries. Between 1988 and 1990, overseas investment was dominated by Japanese and Swedish investors; in 1992 the Germans were dominant, accounting for about 60 per cent of the total. This year German investors have been responsible for about a third of the £1.6bn total invested in the UK with other European sources accounting for 25 per cent, the Middle East 17 per cent and the Far East 15 per cent.

The broadening of the overseas investor base is an important change. It potentially heralds a future pattern of activity less volatile than has been the case with one or two countries dominating the target country.

Cross-border investment is inevitably mercurial as it reflects a mix of forces at work in the source market as well as in the target market. As a result, there is a greater prospect that the more diverse mix of overseas investors will reduce the likelihood of sharp rises and falls in investment.

In addition to the enlarged investor base there has been a marked expansion in locations identified for investments. A narrow focus on central London still predominates but over the past couple of years a quarter of purchases by overseas investors has been in the regional property markets.

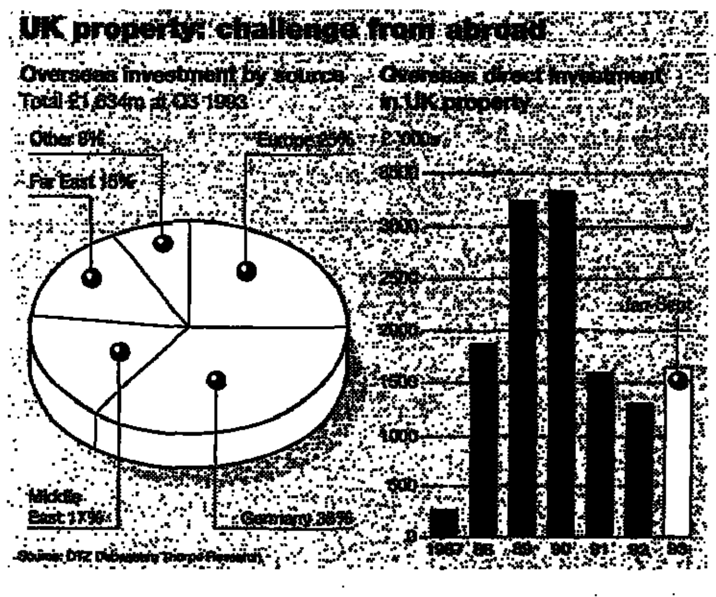
This reflects several influences: reduced availability of suitable property in London; an increasing understanding of the UK provincial markets; and a belief that performance will be strong in certain sectors or regions. This broader approach to location is likely to continue.

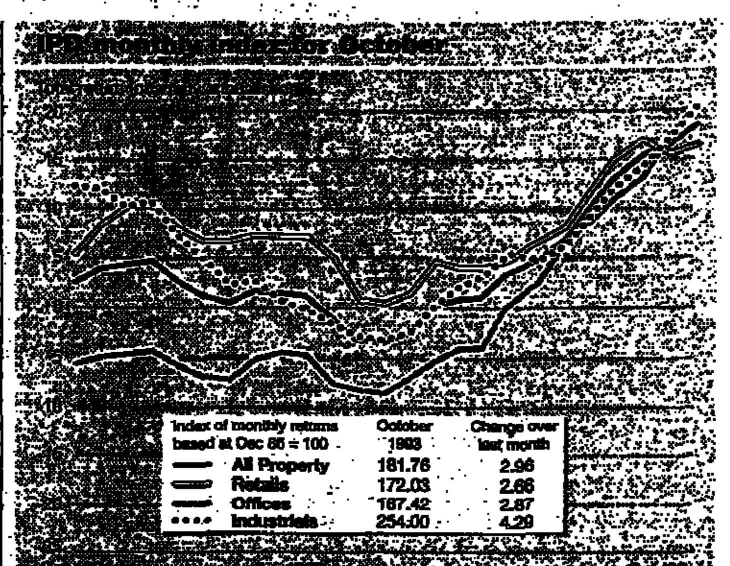
Investment from overseas can now be considered a permanent and important part of the UK commercial property market. Over the past five years foreign investors have accounted for at least 15 per cent of all annual transactions. Yet their impact has been much greater than the figure suggests, given the particular concentration of foreign money in central London.

In the immediate future, although flows of overseas money for direct property purchases should continue to exceed £2bn a year, the greater geographical spread of investments across the UK will diffuse the impact.

Where the effect may continue to be strongly felt will be in the market for properties in excess of £50m. In this category, the capacity of certain overseas investors to compete for the most valuable lots should continue to bring an additional element of competition to an, at times, illiquid part of the market.

The author is director of research at DTZ Debenham Thorpe





Index hits record high

The total return on the Investment Property Databank all-property index in October was 1.7 per cent, taking the index as a whole to 181.76, a record. (The previous peak of 179.70 was reached in January 1990, at the end of the 1980s boom.) The total return for the first 10 months of the year is now 9.2 per cent.

Rental value growth was negative in October, but capital growth has been positive in each of the past five months, reaching 0.9 per cent last month. The all-property aggregate equivalent yield fell 0.1 percentage points to 9.5 per cent, its lowest level since February 1991.

Office and industrial sectors were the performance leaders, each posting a total return of 1.7 per cent; retail reported a total return of 1.6 per cent. For the year to October, total return on retail property reached 10.4 per cent, with industrial property at 9.8 per cent and office property at 7.3 per cent.

IPD says: "Market circumstances are unprecedented. With the downward trend in rental values now stretching to within a month of three years and yields half a point below their peak, the index of total returns manages to reach a record high off its biggest monthly movement in five years: a boom and recession at the same time?"

MANAGEMENT

EUROMANAGERS TO WATCH

Fiat's boss in waiting

Gabriele Galateri di Genola is tipped to head Italy's biggest private-sector group, writes Haig Simonian

A publicity-shy scion of aristocrats who made their name fighting for the former kings of Italy may not be the most obvious future boss of Fiat, one of Europe's biggest industrial companies. The choice seems even less appropriate for someone whose entire career has been in finance and whose sharp looks are more those of the international investment banker than the hard-nosed industrial manager typical of the Turin-based cars' group.

Yet in spite of his reluctance to be interviewed, let alone quoted, Gabriele Galateri di Genola, managing director of the Fiat-dominated Ifil investment company, is tipped to head Italy's biggest private-sector company before long.

Any change at the top of Fiat will be part of the gradual change already under way within the group, which has seen the controlling Agnelli family progressively withdraw from everyday involvement and a new cadre of top-line managers increasingly take over the reins.

"I'd take him on tomorrow if I thought he'd move," is how one of Fiat's leading rivals sums up his view of Galateri.

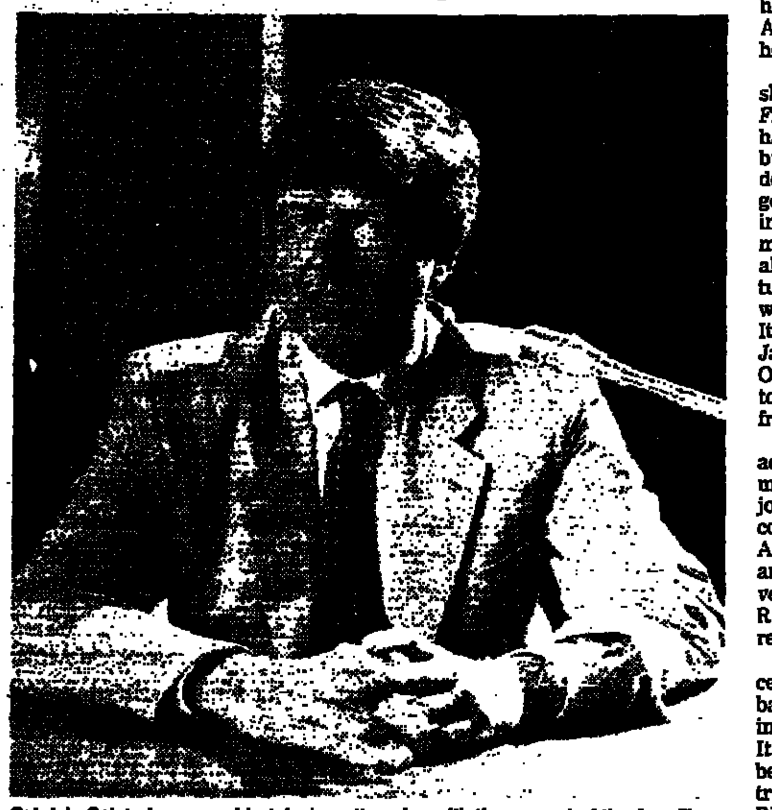
However, the chances are remote that the man who was promoted this month to managing director of Ifi, the quoted investment company which controls Ifil, will break ranks with the quasi-regal Agnellis who control the Fiat empire. His loyalties are pegged to the family, notably Umberto Agnelli, Ifil's chairman and the younger of the two Agnelli brothers who dominate its far-flung business interests.

Together, Galateri and Umberto Agnelli have built up Ifil from a captive Fiat company, whose main asset was Fiat shares, into an internationally diversified holding group with activities ranging from retailing to resorts, food to fancy goods. The strategy has worked: consolidated net profits soared 260 per cent from L54bn (£21.8m) in 1987, just after Galateri joined, to L193bn last year.

Galateri's loyalty to his employers may be in the blood. His Piedmontese antecedents were among the closest supporters of the House of Savoy – Italy's former royal family – and its Turin court.

Yet Galateri abhors the Italian tendency of identifying companies with their controlling shareholders or managing directors. "The star system in Italy is something I don't personally like very much," he says.

His management style is exactly the opposite. Press shy to the extreme, his face hardly ever appears in the papers. Interviews are rare, while he refuses, unlike many prominent colleagues, to be quoted on popular issues of the day.



Gabriele Galateri: prepared to take over the reins with the support of the Agnellis

Discretion may be the better part of valour. Still only 46, Galateri has swiftly and successfully climbed the Agnelli corporate ladder. After studying law at Rome, he took an MBA at Columbia and entered the international division of Banco di Roma. He then moved to St Gobain, where he became finance director of the Italian subsidiary at 27 and assistant to the group finance chief in Paris soon after.

In 1977 came the decisive move to Fiat, first as an executive in the finance department responsible for the Americas. Six years later, he was promoted to finance director. In 1986, he transferred to Ifil with the mandate to rejuvenate what was largely a shell used for internal group transactions, such as the complex mid-1980s' assets swap when cash-rich Ifil bought a large block of Fiat shares formerly held by the Libyan government. His goals were to diversify and internationalise. Investments had to be made in non-cyclical businesses to complement the volatile cars side. And the heavy dependence on Italy had to be reduced to smooth Ifil's earnings stream.

Foods, tourism and, most recently, retailing were identified as ideal investment candidates, promising reliable, if undramatic, profits growth and the potential for capital gains.

Product diversification went hand in hand with strategic partnerships with foreign specialists in Ifil's chosen sectors, notably in France, to broaden its geographic scope. Those partnerships have been underscored by equity stakes, funded invariably through Ifil's cash flow or rights issues rather than debt.

Saint-Louis, the French industrial group with substantial food industry interests, has become one key partner. Ifil now holds more than 15 per cent and has an agreement to rise to more than 30 per cent, putting it on a par with the controlling Worms family.

Galateri's choice in tourism has also taken Ifil across the Alps. Ifil has an agreement with France's big Accor hotels group to create a new hotel chain in Italy.

But the most lucrative partnership so far involves BSN, the big French foods group, in which Ifil has almost 6 per cent. Ifil has made big capital gains by selling its domestic food operations to its bigger French partner, eager to break into the tightly controlled Italian market, while the two companies also have an ambitious joint venture in Asia. The strategies have worked well. Ifil's dependence on Italy has fallen from 100 per cent in January 1987 to 51 per cent now. Over the same period, its exposure to Fiat has fallen to 34 per cent from 67 per cent.

This month brought two further advances for Galateri: his appointment alongside Umberto Agnelli as joint managing directorship of Ifi, confirming his place as one of the Agnellis' most trusted lieutenants; and the conclusion of Ifil's controversial bid to take control of La Rinascente, the Fiat-controlled retailer.

He denies criticism that Rinascente was foisted on Ifil by Fiat's bankers to bolster Fiat finances during a heavy investment phase. With Italian retailing going through a belated revolution as small city-centre shops give way to hypermarkets, Rinascente is well placed to benefit, he believes. And considerable scope exists for synergies between Ifil's interests in producing food and Rinascente's expertise in selling it.

For a manager in a country where business has largely steered clear of big international alliances, it is a considerable record. But the close association with the Agnellis also means a commitment to Turin, the home of Fiat. "I feel just as comfortable here as in London, Paris or New York," he says. "The style of work doesn't differ in any way."

"A manager's lifestyle here can be different. I have a very quiet working environment and there's much less stress. Bigger cities may be more exciting, but which is better on balance?"

Why Michael Heseltine is absolutely right

Christopher Lorenz looks at Britain's myopic managers

At the end of a seminar on corporate "performance improvement", the manufacturing director of a well-known British engineering company took aside the consultant who had led the proceedings. "I'm disappointed," he said. "I haven't learned much – we're doing everything you talked about."

"Oh really?" replied the consultant. "Yes," said the director. "For instance, I bet you don't know our warranty defect rate" (the proportion of products that fail within the first year). "Thirty per cent?" asked the consultant. "How did you know?" beamed the director.

"Because that's your industry's average in this country," the consultant replied. "Aren't you ashamed when the mean time between failure for TV sets is now 12 years?" he continued. Retorting that "TVs are simple compared with what we make", the director stalked off.

Three years later, his company is losing market share rapidly to a competitor which has raised its quality far above the industry average. It is run by a team of newcomers who moved in from continental European companies and are busy applying the skills they learned there.

The consultant in question, Mark Smalley, recounts what he calls "this appalling story" to reinforce this week's attack by Michael Heseltine, the UK trade and industry secretary, on British managerial complacency.

Smalley, who directs the Midlands office of PA Consulting, and also heads its strategy unit, has plenty of other horror stories about British managerial self-delusion, insularity and unwillingness to learn.

For the past decade he has led groups of executives on short, fact-finding trips to Japan. "In spite of Japan's success, many of them start out thinking the Japanese do things differently and therefore wrongly," he says. "It takes two days to turn them round."

It is not that British managers have a monopoly on complacency: a Cranfield Business School study of companies with less than 500 employees, which was cited by Heseltine – but only for its UK results – suggested that the problem was almost as bad in Spain and even worse in Italy.

"I'VE FORGOTTEN MORE ABOUT COMPLACENCY THAN MOST PEOPLE EVER KNOW."

But, with respect to those countries, that is no great reassurance to the British. Their arch-rivals, Germany and France, came out of the survey far more respectably. Though German managers and companies were seen by others as the best in Europe, they underrated their own strengths and assessed their weaknesses realistically – precisely the opposite characteristics from the British. The French, though a bit over-confident, were pretty realistic about their pluses and minuses.

On the face of it, the Cranfield findings look odd: most detached observers – Swedes, say, or Japanese – would rate the Germans as more arrogant than the British and the French even more so.

Nor, one might think, would managers in large companies with considerable international experience suffer from anything like the degree of self-delusion as those from a bunch of smaller enterprises such as those in the Cranfield survey.

Smalley begs to differ. His recalcitrant director worked for a large company, as do some of the most blinkered executives on his Japanese tours. He attributes the problem not to arrogance in the usual sense, but to a reluctance – or inability – to learn from the discomforting experience of others.

Both Smalley's points would seem to be borne out from a surprising quarter: an informal club of 16 big multinationals which have spent the past decade trying to do precisely that, through benchmarking and a range of other practices.

Called the Inter-Company Productivity Group, the club covers a much broader range of issues than its name suggests: quality, organisation structure, product innovation, information technology, skills training, management development and motivation and re-engineering. Its membership list is impressive, including the likes of British Airways, Courtaulds and Unilever, plus the UK operations of Nissan and top US companies such as Heinz and 3M. Their managers are far from blind.

Yet according to John Russell, consultant to the group, incipient complacency was evident from an opinion survey and benchmarking exercise carried out just before the group's 10th anniversary meeting a month ago. Most senior managers surveyed showed little knowledge of their competitors' performance in 17 areas which the group has identified as key to success.

To the frustration of Russell and other speakers, the three-day meeting of teams from each company was permeated by a sense of premature satisfaction with companies' existing improvements.

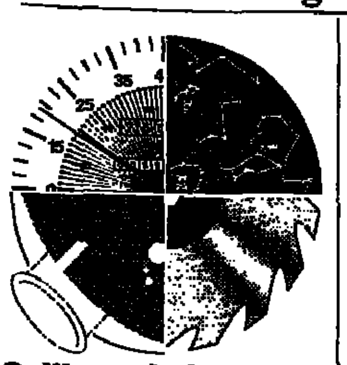
If complacency, however understandable, can grip a group of such relatively advanced companies, it is not surprising that it swamps so many lesser fry.

The most powerful antidote to managerial complacency is closeness to a demanding set of customers – witness the impact which US electronics companies, British food retailers and the Japanese motor assemblers have had on their UK suppliers.

The next most forceful antidote is benchmarking. But neither remedy will work if a company's executives are ill-trained, myopic and therefore poor learners. Far too many British managers, young and older, still fit that description.

APPOINTMENTS

Worth Watching · Della Bradshaw



Calling a halt to traffic chaos

Anyone in a UK company from the director to the messenger can now check the traffic before setting out with Trafficmaster, which enables drivers to learn the location of traffic jams.

Trafficmaster, sold by Cray Systems, of Fleet, Hampshire, uses infra-red sensors installed on motorway bridges to measure the speed of travelling vehicles. Once a jam is spotted the sensors send a radio signal to the computer centre, from where it is relayed to companies taking the service.

There the data are displayed in colour on a 386-based PC running under Windows. The data can be networked, so that anyone on the corporate network has access to traffic news. The information is updated every three minutes. Cray Systems: UK, 0252 625121.

Data networks keep ahead of the pack

The market for data networks in Europe will be worth Ecu4.8bn (£3.65bn) by 1997, almost double the market in 1992, according to the latest forecasts from consultants Ovum.

According to Vans Markets Europe, the traditional telephone companies will take a decreasing share of the market for these value-added networks, which include packet switched, X.25 and managed data networks. France and Germany are the two biggest markets, followed by Spain and the UK. Ovum: UK, 071 255 2670.

HDTV makes its video debut

High-definition television has taken off most rapidly in Japan, where Toshiba has announced a video cassette recorder for high-definition digital transmissions. The recorder is aimed at production and broadcasting companies, which have been using open reel machines. The GBR-1000 VCR records up to 64 minutes of video to the 1125-line Japanese HDTV standard.

● British companies which want to stun their clients with high-definition corporate presentations can turn to Creative Technology, in London, which records tapes in the Japanese format. The tapes can include still photos, graphics or moving images and are displayed on HDTV sets. Toshiba: Japan, 3457 4511. Creative Technology: UK, 081 877 1980.

Electricity finds a great conductor

Everyone knows if you are struck by lightning you have a better chance of survival if you are standing on a stone floor, as it prevents electricity passing through the body. In computer rooms or operating theatres the problem is the opposite: how to conduct the electric force away from expensive components.

Frankfurt-based Degussa has developed a floor coating from methacrylate resin which is conductive – the first time such a combination has been achieved. Because the flooring is resin-based it hardens extremely quickly and is resistant to chemicals. The Degadur VP 070/071 system incorporates special fillers in the resin to establish a high level of conductivity. Degussa: Germany, 69 218 2860.

Less heat in the kitchen

Few top-class restaurant kitchens would be complete without heat and bustle. But the demands of the environment, as well as rising fuel bills, could mean the heat will soon be decreased.

David Burnett Associates, of London, has devised a gadget to cut the gas without reducing a chef's creativity. Many chefs leave the gas ring burning after removing the saucepan. The AFR (automatic flame regulator) is a valve which complements the manual gas control. A rod attached to the valve opens and closes it; when the pan is removed the lever rises and the valve closes, when the pan is replaced the valve opens and the gas flames burn again. David Burnett Associates: UK, 071 735 9053.

Twilight hour

There are conflicting signals over the future of solar energy, writes **Victoria Griffith**

Although the widespread use of solar energy has long been a dream of ecologists and politicians, the private sector is sending out mixed signals on the industry's future. On the positive side, Southern California Edison, the electric utility, has just unveiled a pilot programme to offer solar energy to rural customers. Sounding a negative note, Mobil Oil announced this month that it was putting its solar arm up for sale.

Solar energy has always struggled with a dilemma. To bring down costs, many more people must buy the technology. But to attract more buyers, the industry must bring down costs. Economies of scale are the elusive key to success.

Sceptics say the failure to resolve this dilemma has turned solar energy into little more than a pipe dream. "The sector is tiny and we don't expect it to become a major player in the energy industry for the next 20 years, at least," says John Lord, a spokesman for Mobil Oil.

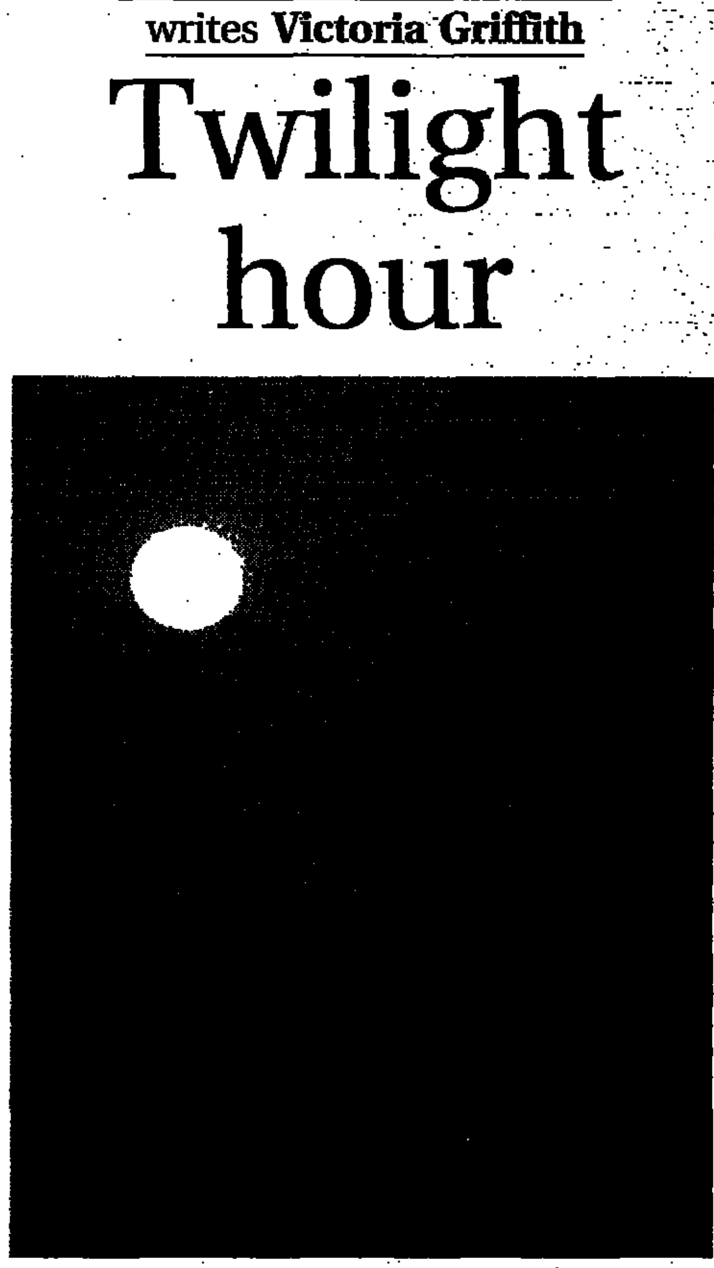
Solar energy proponents are pinning their hopes on rural customers. They believe heightened demand for solar power in remote areas will add enough economy-of-scale benefits to usher the sector into a new phase of high growth. For off-grid users – homes not already served by a utility – solar energy is already highly competitive. "For off-grid customers, solar energy fills an important niche," says Alan Panton, solar sales manager for Kyocera of Japan, the semiconductor ceramic package maker. "It's just a matter of getting the awareness level up."

There are few cost-effective alternatives for rural homes. Running an electric line through miles of wilderness to service a single user is prohibitively expensive. In the past, rural residents relied on personal generators for their energy needs. Recently, however, many have turned to solar power.

Increased demand by off-grid customers has helped to build the industry into a $1bn (£600m) a year worldwide operation, according to Strategies Unlimited, the consultancy group. Growth has been robust – averaging an annual 20 per cent over the last few years.

Siemens, the German electronics group, British Petroleum and Kyocera all have solar divisions and a number of start-up groups are being drawn into the industry. "With the large oil companies walking away from this, it creates more space for small entrepreneurial companies like mine to step in," says Vijay Kapur, president of International Solar Electric Technology.

Utilities are hoping to capitalise on the surge in demand for solar energy by acting as the middleman. Pacific Gas & Electric, for instance, is considering a programme which would finance the initial cost of fitting a home with solar energy. The utility would then charge a monthly fee for the installation. "By mid-1995, we should offer solar energy to off-grid users on this basis," says Howard Wenger, senior project manage for Pacific Gas & Electric.



Is the sun setting on solar energy? It still cannot compete in the 'on-grid' market

Solar energy advocates believe the main increase in demand, however, will come not from industrialised countries but from developing ones. Governments in South America and India have expressed keen interest in using solar energy to "electrify" remote communities. This interest is being fuelled by World Bank funds earmarked to promote solar power.

Proponents hope that demand from developing countries will infuse solar energy with enormous economies-of-scale benefits. "Can you imagine the demand it would create if countries like China caught on to this?" says Kenneth Zweibel, a manager at the National Renewable Energy Lab, a research facility funded by the US Department of Energy.

Just how quickly a critical mass can be achieved is uncertain. The sector's inability to compete effectively in the "on-grid" market is a big drag on growth. For homeowners hooked up to an electric utility, solar power is not cost-effective. Solar energy per kilowatt hour, for instance, is estimated at 2.5 to five times more expensive than electricity. "Right now, there's no way solar energy can compete with electricity, oil and natural gas for on-grid customers," says Michael Merlo, head of research, development and demonstration at Southern California Edison.

According to Pacific Gas & Electric, however, there may be exceptions to this rule. "If demand stays stagnant, it's probably not cost-effective," says Wenger. "But if demand increases to the point that you'd be looking at a new nuclear power plant, or if you had to upgrade the lines to a certain neighbourhood, all of a sudden it looks feasible." Wenger says the company is considering mixed-use areas, which would switch to solar energy at peak-use times.

Solar energy may also get a boost from improved technology. The US government has been providing tax subsidies for research in solar power since the oil crisis of the 1970s. As a result, technology has improved tremendously. Photovoltaics – the solar industry's equivalent of the computer chip – are far more efficient in translating the sun's rays into usable energy.

Photovoltaics are also cheaper to manufacture and install than they were a decade ago. The solar panel manufacturer International Solar Electric Technology, for instance, has managed to slice the silicon wafers used in solar energy in half, thereby cutting the cost of production. The solar energy division of Texas Instruments has reduced the cost of installation by using lighter weight, flexible panels.

Because of these advances, solar panels are now just 5 per cent of their 1978 cost, according to John Schaeffer, president of the solar energy group Real Goods Trading.

Despite the advances, the US government feels technological improvements will not be sufficient to make solar energy competitive. "Technology can play a role in bringing down costs, but what we really need is an increase in demand," says James Rennalds, director of the photovoltaics division of the US Department of Energy.

Because of imponderables such as the level of government subsidies, it is difficult to assess whether solar energy is headed for boom or bust. It will probably continue to stumble along for the next few years at least, in search of the elusive critical mass that would make it a significant player in the worldwide energy sector.

Adult titles on CD-Rom

At the recent Comdex computer trade show in Las Vegas, Michael Spindler, Apple Computer's chief executive, displayed a CD-Rom-based shopping catalogue which allows customers to change the colour of clothes on a model. At the same time, a new breed of companies was showing off CD-Rom titles that allow users to remove a model's clothes altogether.

These companies attracted crowds as they demonstrated adult-orientated multimedia titles. Until now, most CD-Rom titles have been aimed at educational markets.

"There is a lot of activity in adult-theme titles," says Doug Millison, editor-in-chief of Morph's Outpost, a leading publication for multimedia developers. "Some people are saying that they could be the 'killer application' that drives the CD-Rom market."

One company, New Machine Publishing, demonstrated a pre-release version of its "Dream Machine" title at Comdex. The Dream Machine is an interactive adventure in which the user navigates his way through a building. Behind various doors there are opportunities to interact with video images of actresses and experience different fantasies.

"CD-Rom sales have taken off in the past year, and most of the buyers are men. We predict big demand for our titles and they will drive the market just like adult movies did for the VCR," says Larry Miller, marketing executive at New Machine Publishing.

However, publishers of adult CD-Rom titles are finding it difficult to find distributors or to advertise their products. "I'm fed up with the censorship in this industry. We have first amendment rights in [the US] yet I constantly have to deal with editors who pull out my ads after they've accepted them," says Bill Kelly, president of PC CompoNet which publishes adult CD-Rom titles.

Kelly adds that he cannot find companies in the US to manufacture his CD-Roms and that he has had to go to Denmark. Adult CD-Rom publishers say they will also develop titles for women. They argue that their products provide a safe sexual outlet, a safe "virtual sex" experience during a time of concern over Aids.

Tom Foremski

PEOPLE

Shell's Pink for Enterprise Oil

Enterprise Oil, Britain's biggest independent oil company, has underlined its ambition to be regarded as a fully fledged oil company by recruiting Mike Pink, 55, director of production and development at the Shell group, as its first chief operating officer.

Pink, who has spent 30 years working mostly overseas for Shell, will join Enterprise next May after he retires from Shell. A geologist and petroleum engineer, Pink brings substantial technical and managerial experience to the company at a time when it is just about to become a big North Sea production operator.

Enterprise's early success was based on being a financial partner in oil projects and the company is keen to be regarded in the City for its operational skills as well. Next year it will take on the operation of the £1.1bn Nelson field development, one of the biggest in the North Sea. Pink knows the field well; Shell has a stake in it and was responsible for the design and installation of the facilities.

The arrival of Pink, who will be responsible for exploration, development and production activities and will be number two to chairman Graham Hearne, plugs an obvious gap in Enterprise's boardroom. Peter Kingston, a former Shell man who had been Enterprise's technical managing director, resigned in July 1992, and finance director John Walmsley, responsible for many of Enterprise's major deals, is leaving at the end of the year.

Stoddart to join BSG

The search by motor and aviation parts and distribution group BSG International for a permanent non-executive chairman appears to be over.

Michael Stoddart, chairman of Electra Investment Trust, the development capital group, is joining BSG as a non-executive director with a view to taking over the chairmanship from Astley Whitall, who retired as chairman of Ransomes earlier this year, some time before next October.

By the time Stoddart comes on board as chairman, chief executive Richard Marton, who himself only took over his current job in May, should be implementing the recommendations of a strategic review he set in train two months ago.

The brief is to examine the entire structure of the group and the markets in which it operates, and to come up with a corporate plan to be implemented from the start of 1994.

Most of those markets have been badly hit by recession, not least the Continental car market into which BSG supplies components, and where output is well down.

The divisional structure has already been reorganised with the three operating arms rearranged along regional lines.

Marton, while reluctant to criticise directly his own long-serving predecessor Tom Cannon, considers the review to be well overdue and the group itself to have lacked the leadership which would have allowed it to restructure itself to adapt to changing markets.

■ Pat Barrett, chief executive of Smurfit's corrugated operations in the UK, has been appointed chief operating officer of SMURFIT Continental Europe.

■ Robert Warner, formerly finance director of BT's special businesses division, who has been a director of the Cellnet Group for two years, has been appointed acting md of CELLNET while a permanent incumbent is sought.

■ Stuart Graber, formerly md of Time Warner International in London, has been appointed chief executive of MUSIC CHOICE EUROPE.

■ Malcolm Little who, in his time as md of Ross Young's, has been responsible for introducing many new products, has swapped jobs with John Gilliatt, the md who has cut production costs at McVitie's UK. Terry Stannard becomes md of KP UK in January on the resignation of David Garman – all three companies are subsidiaries of UNITED BISCUITS. Robert Beveride, formerly financial controller for Mars Snackfoods Europe, has been appointed finance director of McVitie's Group; he succeeds John Bason who has transferred to Keebler Company. Richard Hill, vice-president human resources at Campbell Foods Europe, joins as personnel director KP Foods Group from December on the retirement of Alan Jones. In the US, Jerry Baglien, previously vice president, finance and administration of Lamb-Western, has been appointed senior vice-president, finance and purchasing of Keebler.

Calverley quits Trafalgar House

Trafalgar House, the troubled conglomerate which is in the midst of a wide-ranging review of its businesses, is replacing the head of its loss-making property business. David Calverley, 52, chairman of the group's property division, will leave the group at the end of the year.

Calverley, who joined Trafalgar House in 1968, is the latest member of the old guard to leave the company which was founded by Sir Nigel Broackes in 1956. A well known and popular figure in the property business, Calverley played an important part in expanding Trafalgar's property interests under Sir Eric Parker who stepped down as chief executive last year.

However, the company has been hard hit by the recession and will shortly announce details of its third cash-raising exercise in two years to repair a balance sheet which has been damaged by large property writedowns.

Hongkong Land, which has built up a stake of just under 26 per cent in the business over the past year, has been overhauling the Trafalgar House management team – which helps explain Calverley's departure.

Calverley was on a three-year contract but Trafalgar House says compensation for terminating his contract would be substantially less than he would have been paid over the next three years. His replacement is expected to come from outside the group.

Energetic Scotsmen

Ian Russell, director – financial control, at Tomkins, the conglomerate, is to become finance director of Scottish Power. He will thus fill a vacancy which has existed since January at the Glasgow-based company when Duncan Whyte moved up to become chief operating officer (electricity supply) under ceo Ian Preston.

Russell, 40, was born and educated in Scotland, and was previously with Hongkong Bank Group in London and Hong Kong. He trained with accountants Thomson McLintock and later worked for Pentos and Mars. He will join the board of Scottish Power and take up his post in January.

Though Scottish Power is said to have had difficulty attracting someone of sufficient stature for a company in the FT-SE 100 who was willing to move to Scotland, (Tomkins is based in London) the absence of a finance director has not been a problem. A consultant has been brought in to occupy that seat and Whyte has been near at hand.

Changes are also taking place a few hundred yards away at the Scottish Power's regulator, the Office of Electricity Regulation in Scotland (OFFER). Here the youthful Graeme Sims, 30, is taking over as deputy director-general, reporting to Stephen Littlechild, the director general of electricity supply who is based in Birmingham.

In January, Sims will replace Peter Carter, who only took the job in January 1993, having moved from the Glasgow-based Offshore Supplies Office of the DTI, which supports the North Sea oil industry. Carter has become Littlechild's deputy dg in Birmingham.

Sims is currently economic adviser at OFFER in Glasgow, which he joined soon after it was set up in 1991. Before that he worked in a small business development agency in Glasgow and for the Boston Consulting Group in London.

■ Michael Ambrose has been promoted to director, commercial affairs, of AMOCO (UK) Exploration Company.

■ John Higgins, previously head of Lasmo's Russian special projects department, has been appointed chief executive of EUROSOV PETROLEUM.

BUSINESSES FOR SALE

GREEK EXPORTS S.A.

ANNOUNCEMENT OF A REPEAT PUBLIC AUCTION FOR THE HIGHEST BID

GREEK EXPORTS S.A., established in Athens (17 Panepistimiou Street) and legally represented, in its capacity as Liquidator in accordance with article 46a of Law No. 1891/1990, supplemented by article 14 of Law No. 2000/1991 and following Decision No. 3089/1993 of the Athens Court of Appeal.

ANNOUNCES

a Public Auction for the Highest Bid with sealed, binding offers for the sale, in toto, of the assets of the société anonyme named GENIKI PROMITHEFTIKI (KATASKEVAI) AE ELECTRICAL, TELECOMMUNICATIONS AND PLASTICS INDUSTRY, which is under special liquidation and established at 25 Stournari St. in Athens and is engaged in the manufacture of low, medium and high voltage electrical equipment and all kinds of telecommunications materials.

1. In order to take part in the auction, interested parties are invited to receive from the liquidator the Offering Memorandum as well as the form of the Letter of Guarantee required for the submission of a binding offer to the Athens notary public assigned to the public auction, Mrs. Andriani-Dimitra Economopoulou-Zapheiropoulou, 18 Voukourestiou Street, 5th floor, tel. 361.8249 up to Thursday 16th December 1993 at 1900 hours. Bids must be submitted in person or by a legally authorised representative.
2. The bids will be unsealed before the above-mentioned notary public on Friday 17th December 1993 at 1100 hours with the Liquidator in attendance. Those who have submitted bids within the prescribed time can also attend.
   Bids submitted beyond the prescribed time will not be accepted or taken into account.
3. The sealed, binding offers must clearly state the price offered for the purchase, in toto, of the Company's assets and must be accompanied by a Letter of Guarantee from a bank legally operating in Greece, for the amount of eighty million drachmas (80,000,000 drs.) or its equivalent in U.S. dollars.
4. The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc, are to be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the Company is operating or not.
5. The Liquidator, the Company and the creditor representing 51% of the total claims against the Company (Law 1892/90 article 46a para. 1 as in force), known hereafter as the Majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale nor for the possible refusal of the State to approve, as required the transfer of elements of the assets, nor for their incomplete or faulty description in the Offering Memorandum and in any correspondence. In the event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.
6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
7. Bids should not contain terms which might prevaricate their bindingness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders.
8. In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative contract and fails to abide by the other obligations accruing from the present announcement, then the above-mentioned guarantee of eighty million drachmas (80,000,000 drs.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, any actual or hypothetical loss sustained with no obligation on the Liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as a penalty clause and collect it from the guarantor bank.
   Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.
9. The highest bidder is deemed the one whose offer has been judged by the Liquidator and approved by the Majority Creditors as being in their best interests.
10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.
11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.
12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgagor's fees, rights and other expenses for drawing up topographical diagrams as required by law 651/77, etc.) are to be borne by the Buyer.

For any information, interested parties can apply to:

GREEK EXPORTS S.A., 17 Panepistimiou Street (1st floor), Tel. 30 1 32 43 111 to 30 1 32 43 115

REPUBLIC OF POLAND
MINISTRY OF PRIVATISATION

INVITATION TO NEGOTIATE

In accordance with Article 23 of the Law on Privatisation of State-owned Enterprises, The Minister of Privatisation, acting on behalf of the State Treasury of the Republic of Poland,is extending an invitation to interested parties to negotiate the acquisition of a minimum 10% of shares (and no more than 75% plus the shares remaining in the hands of the State Treasury after the sale of shares to the employees) of the State-owned company

Fabryka Sprzetu i Narzedzi Górniczych
(Factory of Mining Equipment and Tools)
FASING S.A. in Katowice

Up to 20% of shares shall be offered for acquisition to company's employees on preferential terms and 5% of shares shall remain at the disposal of the State Treasury for compensation, if need be, for restitution of private ownership claims.

An information package will be made available to potential investors after their signing of the Confidentiality Agreement, which they shall receive the moment they submit a written statement expressing their interest in the acquisition of shares. The written statement and the necessary documents should be submitted by 5 p.m. on December 15, 1993 to the below mentioned representatives of the advising company, acting on behalf of the Ministry of Privatisation:

Creditanstalt Financial Advisers S.A.
LIM Center - Marriott Hotel
10th floor, suite 1019
Al. Jerozolimskie 65/79
00-697 Warszawa, Poland

to

Przemyslaw Krzywosz
Andrzej Werner
Tel.: (+48/2) 630 60 22, 630 60 55
Fax.: (+48/2) 630 60 03

or

Creditanstalt Investment Bank A.G.
Dr. Karl-Lueger Ring 12
A-1011 Vienna
Austria

to:

Stefan Krieglstein
Barton Sidles
Tel.: (+43/1) 531-84-0
Fax.: (+43/1) 532-9260

The Ministry of Privatisation reserves the right, at its sole discretion, to reject the offers, to renounce the negotiations, to invalidate or to prolong this invitation and to change the privatisation strategy with no legal or financial consequences.

LANGUAGE SCHOOL IN CAMBRIDGE
For Sale 30-yr lease + business Freehold also available. BC Rec., ARELS. Well est, fully equipped, capacity 300 students. All enquiries Tel: 0223 312346/312333 Fax: 0223 323257

STATE PROPERTY AGENCY

INVITATION TO TENDER

On Behalf of the Owners' Consortium, CMS Management Consultants Ltd.
Calls for a Single Stage Tender Procedure
Concerning the Sale of the Shares of

Csepel Power Plant Co.

(H-1211 Budapest, Gyepsor u. 1.)

Representing a Majority Stake

Csepel Power Plant was set up on July 1. 1991 as a legal successor of Csepel Works Power Plant and Service Joint Venture Co.

The shares in question are owned presently by 14 different companies

General information:	– registered capital	HUF	1,594,270,000
	– owner's equity ('92)	HUF	2,229,585,000
	– employees ('92)		1,200
	– sales revenues ('92)	HUF	3,196,425,000
	– total assets ('92)	HUF	3,338,022,000

Csepel Power Plant Co. has over HUF 1 billion worth stakes in other businesses.

– Face value of the shares for sale	HUF	1,241,960,000
– Number (HUF 10,000 / share)	units	124,196
– Represented stake in the equity		77.90 %

Bids may be made only for the whole offered package of shares.
The objective of the tender is to select a financially sound investor who, after the acquisition, is also willing to substantially raise the equity and hence implement the refurbishing of the power plant, keeping in mind environment protection aspects.
The tendering procedure shall take place according to the relevant stipulations of the Hungarian State Property Agency.

Criteria to tender:
* Proof of the existence of cash required for the acquisition.
* Full compliance with the tender submission specifications.
* Procurement of the detailed tender document and signing the confidentiality Statement.
* Proof of the payment of HUF 10 million or USD 100,000 forfeit.
* Assuming the validity binding clauses (90 days minimum) for the bid.

Bids shall be submitted:

Place: CMS Management Consultants Ltd. (H-1024 Budapest, Rómer F. u. 16. telephone: (361) 1159-293, 1159-294, fax: (361) 1355-573)

Form: In writing, in Hungarian language, in 3 copies, marking the original, enclosed and sealed in an envelope, without mentioning the Bidder's name, noting only „Csepel Power Plant"

Date: **January 20. 1994 from 9.00 a.m. till 12.00 noon**

The bids shall be opened by a closed session, in the presence of a Notary Public on **January 20. 1994 at 12.00 noon.**

Detailed tender materials and the information booklet on the Company shall be made available through CMS Ltd. from November 29. 1993 on in Hungarian and English languages for
HUF 30,000 + VAT cash

Further information shall be available:
– Head of the Owner's Consortium: Béla Simon, General Director, telephone/fax: (361) 2768-534
– Head of the Csepel Power Plant Co.: Dr. József Jablonkai, General Director, telephone/fax: (361) 2761-023

INVEST IN HUNGARY • A SAFE EXPANSION

BUSINESS FOR SALE

Ajax Packaging Ltd

The Joint Administrative Receivers offer for sale the business and assets of the above company as a going concern. Based in Lancashire, the company is a packaging distributor to the wholesale trade.

Principal features include:
- Turnover approx £4.5 million pa
- Stock value estimated £200,000
- Established customer base throughout UK and Eire - including local authorities
- Good will

For further information, interested parties should contact Neil Geddes or David Whitehouse, quoting reference number M5155, at:

Levy Gee & Partners
Maxdov House
337/341 Chapel Street
Salford
Manchester M3 5JY
Tel: 061-835 2843 Fax: 061-832 9405

LEVY GEE & PARTNERS
CORPORATE SUPPORT SERVICES
MANCHESTER • LONDON
WORTHING • CROYDON

Encap UK Limited

(In Receivership)

Livingston, West Lothian

The business and assets of Encap UK Limited are offered for sale as a going concern by its Receiver. Encap is the UK's first liquid two-piece capsule filling company.
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LEGAL NOTICES

No. 008872 of 1993

In the High Court of Justice
Chancery Division
Mr Registrar Buckley

IN THE MATTER OF THE JAEGER COMPANY LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 12th October 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share capital of the said Company by the sum of £17,000,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2 on Wednesday the 15th day of December 1993. ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the under-mentioned on payment of the regulated charge for the same.

Dated this 26 day of November 1993
Coats Viyella Plc.
28 Savile Row, London W1X 2DD
Ref: CH/fld

No. 008384 of 1993

In the High Court of Justice
Chancery Division

IN THE MATTER OF CENTURY ASSURANCE COMPANY LTD.
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 17th November 1993 confirming the reduction of capital of the above-named Company from £10,000,000 to £100 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 20th day of November 1993.

DATED the 24th day of November 1993.

Compton Carr
6 Dyers Buildings
Holborn
London EC1N 2JT
Solicitors for the above-named Company

COMPANY NOTICES

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
CANADIAN PACIFIC LIMITED PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK
NEW BRUNSWICK RAILWAY COMPANY 4% DEBENTURE STOCK
CALGARY & EDMONTON RAILWAY COMPANY 4% DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due January 1 1994 on the above Stocks, the transfer books will be closed at 3.30 p.m. on December 3 1993 and will be re-opened on January 4, 1994

D.R. KEAST
Deputy Secretary
62-65 Trafalgar Square,
London W2N 5DY
November 17, 1993

Dance

Ballet Rambert

The Rambert Dance Company is embarked on a regional tour with two works new to the repertory. I caught up with the company at the Apollo Theatre, Oxford – is there an auditorium with less leg-room for anyone who is not a pygmy? On the night after I had seen London Contemporary Dance on grandest form, it was instructive to watch the other troupe involved in the convulsion in dance policy that currently concerns us.

It would be idle to pretend that Rambert proposes the gleaming technical prowess which is so handsomely part of LCDT's identity. The company manner is able, honest, but in the two works I saw, the dance was fuzzy-edged and self-indulgent. The choreography – a new work by Mark Baldwin; a revival of Christopher Bruce's *Land* – came burdened with more "meaning" than means. The dancing was soggy with good intentions.

Mark Baldwin's earlier choreographies told of an alert and off-beat sense of movement. *Spirit* is set to the Poulenc oboe and clarinet sonatas (excellently played), and it is sponsored by Glaxo Laboratories in the hope of raising public awareness of the torments of migraine. Beyond the suspicion of a nagging headache brought on by watching nine of Rambert's dancers scamper about the stage to no clear purpose, the migraine connection escaped me. The dance is somehow old-fashioned – it has that heavy-with-good-intentions air I associate with apprentice chorographies in the 1960s. The clothes are black and white and not wildly flattering. Intermittent red and yellow curtains are the set. The Poulenc sonatas go their lyrical or witty way, untouched by the dance. It is all ferociously inconclusive.

Land is a fair example of Bruce's Week's Good Cause choreography. It was made for Festival Ballet in 1985. Its score is Arne Nordheim's electronic agonisings about Warsaw under the Nazis. Peasant outfits – no-colour Mittel-Europa dresses; waistcoats and puttees for the chaps – and folk-attitudes abound. Everyone has a hell of a time. Sgt.Death is on the rampage. The cast suffer from advanced Kylianism – no day without a good bout of dance anguish – and fall all too easily into martyred poses. It looks like a parody of itself, and of a European cult of politically correct movement. Impossible to care if pieces like this are well-danced: what matters is that they are tremendously well-meant. I would swap the lot for ten seconds from Twyla Tharp or Mark Morris.

Siobhan Davies' broad-spanning, spacious *Embarque* completes the programme. I did not findthe company at the level of lean and uncompromising attainment which it showed under Richard Alston's guidance. If the Alston-shaped repertory was not always popular, it was as rigorous as the dancing. Yet the plan is that the troupe is to be expanded under Christopher Bruce and also developed along "neo-classic" lines, while retrenchment radically alters LCDT's function. We may draw what odd conclusions we can.

Clement Crisp

Annibale Carracci's 'The Hunchback Boy' at the British Museum

Drawn to the Old Masters

Patricia Morison reviews the Chatsworth and Getty collections

If the Duke of Devonshire were to offer me one wish, the response would be unhesitating. "Give me Annibale Carracci's drawing of "The Hunchback Boy". Out of so many lovely things in the exhibition *Old Master Drawings From Chatsworth* at the British Museum, the poignancy of that drawing tugs at the heart.

Made in Bologna *circa* 1610, the younger Carracci's study is an example of the power drawings which witness particular moments in an artist's studio. The lad sat without his shirt. With short, sparing strokes of red chalk Annibale drew the deformed torso, the scrofulous skull showing through the thin hair. Yet it is the combination of the draughtsman's scientific detachment with humanity which is so wonderful. The boy turns towards us shadowed eyes which are eloquent of misery. The enigmatic words added by Annibale, "I do not know if God helps me", are surely his response to suffering.

One visit to the Print Gallery may well seem inadequate for an exhibition of this size and quality, with 220 drawings by artists such as Ghirlandaio, Leonardo, Raphael, Rosso Fiorentino, Pontormo, Dürer, Van Dyck, Rembrandt and Corot. So make several.

This collection is the finest of its kind in private hands, apart from the royal collection at Windsor. Kept at Chatsworth House in Derbyshire, most of it was bought between 1690 and 1729 by the 2nd Duke. Its notoriety has come from sales in recent years, although the collection still has some 2,000 works. The BM selection is the largest showing of Chatsworth drawings. There is a fully illustrated catalogue, based on the complete catalogue by Michael Jaffé now under way; volume one should be out next spring from Phaidon Press.

Leonardo's "Leda and the Swan" shows not the mating but the morning after. The swan peacably nibbles his lady's ear. Squirming unpleasantly on the ground, Leda's children hatch out of eggs: Castor, Pollux, Helen and Clytemnestra. A sheet of small grotesque heads by Leonardo makes a happy pair with Durer's caricature of a rubber-faced old man.

The Raphael drawings are marvellous: three studies for the "The Transfiguration" and a ravishing sketch of a mother reading to a child. A sheet of chilling studies in red chalk by Andrea del Sarto reminds us that in Renaissance Italy, artists were enlisted to make the link between crime and punishment. After the siege of Florence in 1530, he was commissioned to paint six executed traitors on a wall in the marketplace. These sketches shows the contorted body of a villain suspended by his foot.

A gem of a sketch is Rembrandt's "Actor in his Dressing-Room". It passes understanding that 30 years ago this could have been exhibited as St Augustine in his study. Here to the life is a flabby old actor, his jug-shaped body wrapped in a fur mantel, scanning his lines before he goes on stage. Rarities are the only drawing which survives from Bruegel's stay in Rome and Altdorfer's only design for a stained glass window: a magnificent drawing by Veronese commemorates the forging in 1571 of the Holy League against Suleiman the Magnificent.

For sheer inventive brilliance, nothing in the show surpasses Guercino's "Rest on the Flight", exhibited for the first time. Guercino has used ink wash so cleverly that the areas of white paper give the impression of blinding sunshine. A crenellated wall runs slap across the picture. Joseph leans on it, facing us, gazing pensively at a view we cannot see. Mary, a vigorous young woman, distracts the attention of her baby who is perched, rather carelessly, on the wall.

Anyone with an weakness for horses will appreciate a fine, quizzical beast by the young Van Dyck, a study for his "St Martin Dividing His Cloak". Rather harder to explain at first is the horse in Petro da Cortona's grandiose "Pope Urban VIII Being Carried Down the Nave of St Peter's". Surely they did not allow horses into St Peter's? In fact, it seems they did, once a year when the king of Naples presented the pope with a *chinea*, *hacanea* in Spanish, from where we derive "hackney".

The Royal Academy's Drawings from the J. Paul Getty Museum is the junior exhibition but is still well worth seeing, put together in the last 10 years and including 14 ex-Chatsworth works. With 100 drawings from the 15th to 20th centuries, it is a question of breadth rather than depth.

Cuyp's smooth drawing of a milkmaid, framed by the cow's belly, is a particular delight. So is an unforgettable portrait by Rubens of a Korean gentleman swathed in silk as light as air. Spare a moment, too, for a puzzle picture, "Two Male Nudes" by the late-16th century Haarlem Mannerist, Cornelis van Cornelisz. If you can decipher what precisely, apart from the prelude to sodomy, he intended to convey, you will have gone one better than the Getty.

■ *Drawings from Chatsworth*, British Museum (071-636-1500) until Jan 9: *Drawings from the J. Paul Getty Museum*, Royal Academy (071-439-7438) until Jan 23. Sponsors, The Capital Group Companies and The Times.

Concert/**David Murray**

'Polska' strikes gold

Radio 3's "Polska" season, an intensive celebration of Polish music, continues apace, and on Wednesday it struck gold. In the BBC's Maida Vale studios Matthias Bamert conducted the BBC Symphony in Szymanowski, Lutoslawski and young Hanna Kulenty. Inevitably, Szymanowski's gorgeous First Violin Concerto made the deepest impression; but Bamert ensured that Kulenty's raw-but-shapely *Trigon* and Lutoslawski's Second Symphony – middle-period, experimental, rather dependent upon effects that were novel in 1967 – left their own vivid stamps.

Kulenty fixes a sharp division of labour in the small orchestra of her *Trigon*. While the strings groan up and down in perpetual glissandi, as in early Penderecki, machine-gun bursts of rapid, mechanical even-notes pass intermittently from brass to solo piano to percussion and back again. There is a sense of barely suppressed fury and frustration; and yet the tense silhouette of the piece is elegant and cogent, collecting its 13 minutes into a single clean blow.

When Lutoslawski wrote his Second Symphony, he was sure that tonality was a dead letter. Though his latest works have made their own kind of peace with the tonal tradition (he is 80 now), that symphony represents his most defiant earlier distancing. Its two movements, respectively *hésitant* and *direct*, are almost entirely "aleatoric". The role of the conductor is just to signal the starts and finishes of successive sections, in which players execute their overlapping parts in their own uncoordinated time.

Hésitant is a long string of pungent episodes, each for a handful of instruments, separated by abrupt pauses; in "Direct" the orchestra pulls itself together, over a weird density of string-sound, to hammer out a distinctly baleful purpose. Back then, Lutoslawski was so intent upon keeping the "symphonic tradition" at arm's-lengths that the music now seems riskily stretched for the time it takes, Yet the broad structure is tough enough to hold the ear.

Szymanowski's first violin concerto, composed after he escaped Bolshevik internment during the first world war, is a kind of one-off miracle. Someone wrote about the young Szymanowski that he "carries the death-dream of romanticism to the border of awakening". Not a Pseuds' Corner quote, but dead right: the trappings of late, ultra-decadent romanticism are raised here to a level of crazy, intricate, nakedly rapturous fantasy, without ever tipping over into "post-romantic" irony. Szymanowski's score is iridescently evocative and original, the solo role – most of it written for the top two-and-a-half inches of the E-string – searingly heartfelt.

It is strange that this work is not yet part of every major violinist's kit. The drawbacks are that it needs a very good, very large orchestra and a lot of costly rehearsal time. Bamert and his admirable soloist Krzysztof Smietana must have enjoyed that bonus, since all the multiple facets of the soundscape were radiantly clear and balanced. Smietana played as if two-and-a-half inches of E-string were all he had ever wanted for full-blooded expression, beautifully secure. For hours after you hear this siren-music singing in your head; there is really nothing much like it.

Alastair Muir

Robert Lepage's cinematic view of Coriolanus at the Nottingham Playhouse

'Coriolanus' from Quebec

While *Coriolanus* has always seemed to me one of the most English of Shakespeare's plays – about a public school boy with a dominating mother – it has a quite different tradition abroad. According to the Arden edition of the play, 15 versions of a piece called *Coriolan* were written in France between 1625 and 1821. There are at least 13 operas with the same name, though none is based on Shakespeare. The Germans stuck more closely to the original and have produced about a dozen adaptations, including an unfinished piece by Bertolt Brecht.

Some productions have ended in tears. In Paris in the mid-1930s a performance at the Comédie Française led to such riots in the streets that the prime minister, Daladier, dismissed the director and replaced him with the chief of security. In West Germany after the war *Coriolanus* was banned altogether. The first postwar production did not take place until 1953.

So it comes as an anti-climax to report that there have been no riots in Nottingham where the Quebec version of *Coriolan* is appearing as part of the 30th anniversary of the Playhouse. It has been carefully chosen, for it was with a Tyrone Guthrie production of *Coriolanus* that the present Playhouse opened in December 1963. In the cast then were Michael Crawford, Leo McKern, John Neville and Ian McKellen.

Robert Lepage's production for his Théâtre Repère company is a distinctive successor and a considerable coup for Nottingham. This is the only place where *Coriolan* is being staged in Britain and it runs only this week.

Lepage is the director who gave us *A Midsummer Night's Dream* bogged down in a swamp at the Royal National Theatre. There are no such excesses here, but there are innovations. Although there is very little direct use of film, the play is produced as a movie, using cinematic techniques throughout.

The stage is dominated by a large rectangular frame. The characters appear behind it, as if it were a transparent screen. Quite often their heads are cut off from sight; at other times there are close-ups. Television is used as well. News of the wars is reported live. Jacques Languirand's outstanding Menenius appears as a genial old uniformed general giving his views on a television talks programme. The tribunes face up to Coriolan on an equivalent of *Question Time*. There are copious surtitles and the production is quite close to the original Shakespeare text.

As a spectacle, I enjoyed it enormously, largely because it is so well done. The last thing one would like to see would be British companies going off in the Lepage direction and doing the same thing badly. Lepage is a master of his techniques.

A final point is that *Coriolanus* really does seem a different play to non-British. Lepage's production is much more about political instability than a relationship between mother and son. Coleridge said that *Coriolanus* demonstrates the "wonderful philosophic impartiality of Shakespeare's politics". But perhaps you have to live in a quiet country to see the play in that way.

★

Meanwhile, for those in London, there is another production of *Coriolanus* by the *Aquila company* at the Place Theatre, Bloomsbury, ending on Saturday. This version catches all the excitement, but still seems to me more about people than politics. Whereas in *Coriolan* Anne-Marie Cadieux's Volumnia has a touch of expensive continental chic, here Katharine Barker in the same role seems much more a matron. This is the *Coriolanus* we know.

Malcolm Rutherford

Obituary

Anthony Burgess

If ever a writer stayed in harness until the end it was Anthony Burgess whose death from cancer at the age of 76 was announced yesterday. His erudite reviews were appearing right up to his demise. In April His most recent novel, *A Dead Man in Deptford*, timed to coincide with the 400th anniversary of the death of Christopher Marlowe. It was one of half-a-dozen or so novels resurrecting a historical figure – Keats, Shakespeare, Mozart, Joyce, Moses – that formed but a part of Burgess's vast output. He had the knack of identifying completely with a creative genius of another age, bringing the individual convincingly back to life. The climax was invariably a scene of horrendous violence. The spectacle of Kit Marlowe, a homosexual, a spy and a poet, stabbed to death in a tavern brawl, simply played into Burgess's hands.

It was not only the past that inspired Burgess to depict violent outcomes but also the present and the future. In his most famous work *A Clockwork Orange* (1962) he showed how the new youth culture could throw up a juvenile monster of such gratuitous cruelty as to make Graham Greene's Pinky seem like a benign cherub. The subsequent film of 1971 offered a role-model of glamour and winsome charm for would-be thugs; it has been banned for public performance in many countries.

Twenty years on from the *Orange* Burgess gave us a novel *Earthly Powers*, colossal in conception, embracing in its literary framework the supreme moments of mass barbarism and bloodletting of 20th century history, from Hitler's holocaust to the Reverend Jones's Guyana. The central figure encountering all this was an 80-year-old popular novelist, a lapsed Catholic, who had a tireless facility, a gift for parody and word-play, and a well-tuned musical sense – all of which he shared with his creator.

Music was Burgess's great love and first ambition when he graduated from Manchester University, after a working-class Catholic up-bringing. It was his ability to strum away on the piano in the mess that ensured his popularity when he joined the army during the second world war. He had operas performed and other compositions to his credit. The relationship between music and literature was the theme of his T.S. Eliot lectures delivered at the University of Kent. James Joyce, another musician novelist and lapsed Catholic was his particular hero.

Burgess often told the story of how he became a writer by accident. He was recovering from what he was told was a mortal illness while working in Malaya as part of an educational unit of the British army. He started writing a novel as a therapy, found it terribly easy to do after composing and from then on he never stopped producing fiction. Some critics regard his early and more light-hearted novels, his Malayan trilogy and his Enderby novels as among his finest, most accessible work.

Anthony Curtis

INTERNATIONAL ARTS GUIDE

FINLAND OPERA HOUSE OPENS

After delays lasting several decades, Finland finally has its first purpose-built opera house. The building, situated near Finlandia Hall in Helsinki, will be formally inaugurated on Tuesday with the European premiere of Aulis Sallinen's opera Kullervo. The opening week also includes Carmen, the Bourmeister production of Swan Lake and a gala concert.

Since 1919, the Finnish National Opera has occupied the Alexander Theatre, a cramped 500-seat auditorium built for the Russian garrison in 1879. It had poor acoustics and a stage too small for many works of the standard repertoire. There was talk of a new building as long ago as the 1920s, but it was not until 1975 that a competition was launched to design it. The winning architectural team was Ero Hyvämäki, Jukka Karhunen and Tapio Parkinnen.

Construction began in 1986.

The new opera house is a mixture of the traditional and the modern. The auditorium has 1350 seats in a horse-shoe design. There is also a studio theatre seating up to 500 people, to be used for rehearsals, educational workshops and experimental opera. The acoustics adviser was Finnish expert Alpo Halme.

Kullervo, with Jorma Hynninen in the title role, will be conducted by Ulf Söderblom, the Finnish National Opera's music director for the past 20 years. His successor is Miguel Gomez-Martinez, who conducts Carmen (ticket reservations: tel 4030 2320 fax 4030 2305).

■ EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Georges de Feure: an exhibition marking the 50th anniversary of the Dutch artist's death, tracing his development from a newspaper illustrator to a celebrated Symbolist painter and Art Nouveau designer. Ends Feb 13. Félix Bracquemond: 40 prints and several paintings by the Frenchman who played a prominent part in the late 19th century revival in decorative arts and printmaking. Ends Feb 13. Daily

Rijksmuseum The Ottens Atlas: 80 maps and other topographical and historical prints, including a rare 1611 profile of Amsterdam, views of Antwerp and Brussels and a splendid coloured copy of De Vou's famous map of Rotterdam of 1694. Ends Jan 30. Closed Mon

BASLE

Museum für Gegenwartskunst Joseph Beuys: four illustrated sketch-books from Projekt Westmensch 1958. Ends Jan 9. Closed Mon

Kunstmuseum Matthaeus Merian: 400th anniversary exhibition of drawings by the Basle landscape artist. Ends Feb 13. Closed Mon

LAUSANNE

Musée d'Art Contemporain Takis (b1925): retrospective of the self-taught Greek artist, featuring sculptures and installations which produce sounds, light and movement. Ends April 4. Daily

Musée des Arts Decoratifs Contemporary Japanese Posters: 100 examples illustrating the more subtle style of oriental poster culture. Ends Jan 2. Closed Mon

Fondation de l'Hermitage From the Museum's Collection: a thematic grouping of paintings and drawings by Sisley, Daumier, Bocion, Magritte and others. Ends Jan 30. Closed Mon

NEW YORK

Metropolitan Museum of Art Art of Medieval Spain. Ends March 13. The Annenberg Collection of Impressionist and Post-Impressionist Paintings. Ends mid-Dec. Master Drawings of the Hudson River School. Ends Dec 26. Closed Mon

Guggenheim Museum Roy Lichtenstein. Ends Jan 16. Industrial Elegance: objects of everyday mechanical beauty selected by 63 architects and designers. Ends Jan 23. The main museum is closed on Thurs, the SoHo site on Tues

Museum of Modern Art Joan Miro. Ends Jan 11. Robert Ryman. Ends Jan 4. Closed Wed

PARIS

Louvre The newly-opened Richelieu wing completes the largest part of a grandiose project to transform the former royal palace into the Grand Louvre, doubling the previous exhibition space. Generous with light and space, it offers a dazzling setting for the collections of Islamic art, medieval art (including the Treasure from the Abbey of Saint-Denis), its Rembrandts and Rubenses, and French paintings from the 15th to 17th centuries. Three covered courtyards provide the most dramatic innovation: two display French sculpture under gigantic glass roofs, while the third is a reconstitution of two facades of the Assyrian palace of Khorsabad, with its monumental winged bulls. Be prepared to queue: 55,000 people turned up for the first open day last weekend. Closed Tues (entry through Hall Napoleon under the Pyramid)

Versailles Versailles and the Royal Tables of Europe from the 17th to 19th centuries. Ends Feb 27. Closed Mon

Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac shops)

ROME

Palazzo dei Conservatori Rediscovering Pompei: the IBM-sponsored touring exhibition which opened in New York three years ago has since been making its way round European capitals. It brings together over 200 objects, many from recent excavations, and includes the re-creation of an entire room, using detached frescoes of flowers and birds which decorated one of the grandest villas of what must have been the Beverley Hills of the Roman Empire. Ends Feb 12. Daily

Galleria Giulia Lithographs by Max Beckmann and George Grosz: among the works included are Grosz's 1920s cycle Gott Mit Nuns and the later Ecce Homo series. Ends Dec 7. Closed Sun and Mon (Via Giulia 148)

Calcografia Antonio Canova and Engraving: new light is thrown on the Venetian sculptor, showing the immense importance he attached to the quality of the numerous engravings made of his sculptures, and his awareness of their value for publicity purposes. The exhibition consists of 100 engravings from the museum's own collection, as well as a bronze Medusa from Bassano di Grappa, and two oils, showing Canova to be little more than a dilettante in this medium. Ends Jan 6. Daily (Via della Stamperia 6)

Insectarium A spectacular exhibition, organised by the WWF, the Natural History Museum in London and the Zoology department at Rome University, describing how insects have evolved over the last few million years. Among the exquisite conventional illustrations are eight insect robots 600 times their life-size constructed by Kokoro of Japan. Ends Feb 13. Daily (intersection Viale Cristoforo Colombo with Viale delle Accademie)

ROTTERDAM

Museum Boymans-van Beuningen Italian Paintings 1300-1500: 26 paintings by early Italian artists from Bologna, Florence, Siena and other towns in northern and central Italy, complemented by a wide selection of contemporary prints and drawings. Ends Feb 27. Closed Mon

SPEYER

Historisches Museum der Pfalz Europe's first wine museum, built in 1910, has re-opened with 150 artefacts tracing the history of wine-making back to Roman times. Also Rare Mechanical Toys: steam engines, trains and other collectors' pieces from private collections. Ends Feb 27. Daily

VIENNA

Albertina French Drawings from Clouet to Brun: 150 works from the Albertina's collection of 16th and 17th century French drawings. Ends Jan 23. Daily

Jüdisches Museum Jewish Vienna: a cultural history of Jews in the city. Ends May 15. Song of Songs: abstract paintings by avant-garde German artist Heinz Mack based on motifs from the Song of Solomon. Ends Feb 13. Closed Sat

KunstHaus Joan Miro: centenary exhibit of 120 sculptures by the Catalan painter. Ends Jan 24. Daily

WASHINGTON

National Gallery of Art The Age of the Baroque in Portugal. Ends Feb 6. John James Audubon: 90 watercolours painted by the early 19th century American naturalist-artist for his print series Birds of America. Ends Jan 2. Cesarini Venus: Giambologna's marble masterpiece (c1583) is the centrepoint of an exhibition focusing on the female nude. Ends Jan 17. Daily

Hirshhorn Museum Willem de Kooning: 50 works by the key abstract expressionist painter spanning the years 1939-85. Ends Jan 9. Daily

Walters Art Gallery Artists of Ecouen. Ends Feb 6. Closed Mon

Phillips Collection The Migration Series: 60 panels of Jacob Lawrence's epic painting of the post-World War One flight of African Americans from the rural south to industrial north. Ends Jan 9. Images of the American Scene in the 1930s and 40s: watercolours, drawings and lithographs from the permanent collection, complementing the Migration pictures. Ends March 6. Daily

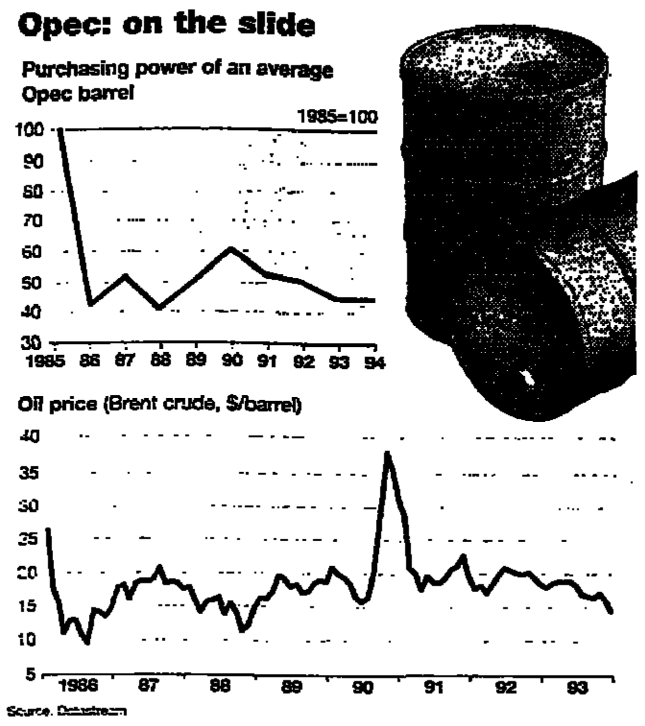
ZURICH

Kunsthaus Joseph Beuys: retrospective of Germany's leading avant-garde artist of the postwar period, including sculpture, drawings and installations from public and private collections. Ends Feb 20. Closed Mon

Museum Rietberg African Masters: masks and figures from Zaire, collected over the past 50 years by German ethnologist Hans Himmelbeer, supplemented by his own photographs of the people of Zaire and their art. Ends March 20. Closed Mon

Not so slick as the market

Robert Corzine detects a steep decline in Opec's influence



After storming onto the world's economic stage about 25 years ago, the Organisation of Petroleum Exporting Countries this week bowed out, at least temporarily, of its increasingly taxing role as an influence on the short-term price of oil.

The decision on Wednesday night by the 12 delegations meeting in Vienna to brush aside market demands for an immediate cut in Opec's 24.52m barrel-a-day production ceiling may not herald the demise of the organisation. But it does move it into a new era in which the emphasis is likely to be on market share rather than on price. This is despite the fact that all Opec states, including Saudi Arabia, the dominant producer, are reeling from falling revenues.

The decision was a clear signal that Opec would not sacrifice volume for higher prices. It was also tantamount to an admission that in a period of plentiful supplies and weak demand in the main industrialised western countries, Opec could no longer fine-tune the price in a way which would be politically acceptable to its member governments.

"A small cut might not be enough to move the price," said one delegate, adding that such an outcome would be difficult for oil ministers to justify on their return home.

This means that market forces alone will dictate the short-term price, which they did with a vengeance yesterday, when the benchmark Brent blend fell to $14.57 a barrel in late London trading.

Opec officials said they had fully expected "the price to fall for a day or two", as the market digested their view that the longer-term outlook for balance between supply and demand were "not that bad". But Mr Mehdi Varzi, research director of Kleinwort Benson Securities in London, yesterday wondered "where the rot would stop". He saw many similarities between current market conditions and those which led to the oil price collapse in 1986, when prices fell below $10 a barrel.

Not all industry observers shared such an apocalyptic view, but most agreed that Opec's 12 member states have put at risk billions of dollars in potential revenues in order to ensure that they maintain market share.

The alternative under discussion in Vienna – a modest cut of 2 per cent shared between all members – carried with it an even higher political risk, that of "cutting back and ceding market share to non-Opec competitors and not having the price recover", according to Mr Joseph Stanislaw, managing director of the independent Cambridge Energy Research Associates in Paris.

The "free ride" which non-Opec producers might be enjoying at the expense of the organisation has been a recurrent theme in official statements this week. The end of the conference communiqué noted that Opec alone should not "have to bear the burden of balancing supply and demand".

But appeals for restraint on the part of independent producers are unlikely to be heeded. Opec is particularly vexed by a surge in North Sea production by the UK and Norway, whose combined output could rise by as much as 1m barrels a day in 1994, the equivalent of a medium-sized Opec prdoucer.

Some analysts say, however, that Opec's focus on independent producers merely serves to camouflage the deep distrust within the organisation itself. "When they say that others might simply move in to take over their market share, they mean their own members," said one US-based oil industry expert.

An Opec delegate confirmed that uncertainty over whether a cut would have resulted in full compliance was a factor in Wednesday's decision. "Some countries might not have abided by it," he said. "So a 500,000 barrel-a-day cut might have been only 200,000 or so in reality", a level unlikely to have any lasting impact on bearish market psychology.

Opec's chronic weakness of large-scale cheating on quotas by some members such as Iran and Nigeria meant that a 1m barrel-a-day cut was not put forward. One delegate conceded, however, that it would have had a positive effect on the markets. "No one was in favour of it," he said.

That left Opec with no other recourse than to stick to its September output agreement, which set quotas close to most members' capacity in order to minimise cheating. That agreement appears to be holding, and the conference communiqué said it "should be given necessary time to achieve its goals".

It is a prospect which some experts say may be achievable. Dr Leonidas Drollas, chief economist at the London-based Centre for Global Energy Studies set up by Sheikh Yamani, former Saudi oil minister, believes an estimated quarterly demand for Opec oil of 24.6m barrels a day in both the present period and in the first three months of 1994 is likely to match Opec output.

He predicts that a shortfall could emerge as early as the second quarter of 1994, when excess stocks built up earlier this year because of Opec over-production should be eliminated. And that, he says, would imply a $16.60 price for Opec's basket of six crude oils well below its $21 target price but well above the $14.70 level recorded on Monday.

But many wonder whether Opec can wait that long or have full confidence in demand forecasts which have been consistently trimmed in recent months. Although all countries are suffering from what Mr Stanislaw describes as "revenue deprivation", not all are hurting to the same degree.

Kuwait and the United Arab Emirates, for example, differ markedly from heavily populated countries such as Nigeria and Iran, both of whose poorly-performing domestic economies are propped up by hard currency oil revenues.

Mr Varzi says the political implications of low oil prices could come to dominate government thinking in such vulnerable countries in the months ahead, especially if lower revenues threaten to trigger off widespread social unrest. The scale of Opec's possible problem is highlighted by the fact that for every $1 fall in the annualised oil price, member states lose a combined $5bn in revenue.

Perhaps the only optimistic note which greeted oil ministers as they trooped into their limousines yesterday en route to the airport and home was the unseasonally early blanket of snow which covered Vienna and showed no signs of melting. No doubt thoughts from their mainly desert and tropical capitals will increasingly turn to hopes for a white and exceedingly cold Christmas in the northern hemisphere.

Joe Rogaly

It's make or break time

The Budget on Tuesday will have little to do with the economy. It will be about political survival. So do not search this space for money-making or money-saving tips about what will be in the chancellor's package, let alone the likely market reaction to this tax or that spending cut. If I could divine these things I would not be here; I would be George Soros. Economic forecasting is impressive when its author makes billions out of it. The rest is guesswork.

Politics is another matter. We can safely assume that what Mr Kenneth Clarke has to say on Tuesday will, if he gets it badly wrong, break the government. Getting it right may not save the present administration, but it would at least make political recovery possible. In short, the chancellor has direct responsibility for carrying out part "B" of Mr John Major's plan to regain his authority and stay prime minister. Part "A", has been to survive, by whatever means necessary, until the Budget. This has succeeded, albeit at the cost of some unpleasant tacking towards the hard-faced Right.

The second part of the strategy will be revealed next week. Our Cheeky Chappie chancellor will try to look the part as he reads out familiar polysyllabic phrases whose real meaning will not be lost on anyone. He will talk about reducing the public sector borrowing requirement, and possibly even about rebalancing fiscal and monetary strategies. You can ignore all that. Concentrate on the overall performance. "We are not fools," his jargon will be saying. "The government is not incompetent," his elaborate analyses will imply. Many audiences – his own backbenches, economic analysts, the markets – will be expected to concur. The purpose will be to recover the Conservatives' lost reputation for superior economic management. Mr Clarke knew when he took the job at the beginning of the summer that this would take some doing.

Yet if the trick can be managed, both the chancellor and Mr Major will be on firmer ground. We are assured by a clutch of indicators that we can look forward to at least a year or so of steady growth and low inflation. If so, the Conservatives might begin to recover popular approval. It would be wrong to take Tory optimism too far, but perhaps the party might even unite in support of the government. Well, most of the party anyway. Its performance in next year's local and European parliamentary elections could in consequence be less awful than is currently anticipated. Mr Major, written off so often since Britain's ejection from the exchange rate mechanism, would be safer.

The chancellor is responsible for carrying out part 'B' of Major's plan to regain his authority. Part 'A' has been to survive

It is against this background that the pre-Budget arithmetic should be rehearsed. Mr Clarke has consistently intimated, in both public and private, that a deficit of £50bn is unacceptably high. Not everyone, least of all the National Institute of Economic and Social Research, goes along with this, but let us stick with the chancellor's known opinion. He has also maintained, without wavering, that the public spending ceilings agreed before he took the job are low enough – that there is little if any room for a squeeze on expenditure greater than was envisaged by his predecessor. If these two Clarke propositions remain constant until next week, and if no sudden improvement in the PSBR is detected by a compliant Treasury computer, taxes must be increased.

At this point the government's nerve will be tested. If it fails to raise taxes by a convincing amount the economic competence argument will be lost, at least to those for whom "sound money" is an article of faith. If it does increase taxation the new imposts will be piled on top of the mountain of tax imposed by Mr Norman Lamont in the March Budget. The Conservative election campaign of April 1992, already exposed as bogus, would come to be fixed in the public mind as the shamelessly misleading undertaking it was. In March, within a year of promising low taxes, Mr Major's government imposed the biggest single wallop of extra taxation anybody can recall. Pile on more agony next week and people may begin to ask a fatal question – if Tories, like Labour, devalue the currency and balloon up taxes, why not elect Labour in the first place?

The question would have less force if the Budget had been preceded by proper public debate. The necessity for this or that measure might then be more widely understood. The move to a "unified" tax and spending statement is merely a piece of camouflage. This year's spending negotiations were, as ever, Treasury-led. The new procedure introduced last year has not produced serious debate among colleagues about priorities. It was designed to ensure collective responsibility for cuts forced on departmental ministers. Taxation is not directly related to spending plans, but to the Treasury's perception of what is needed to steer the economy, as amended by what is required to keep the government in office. The real decisions are made in secret by a handful of ministers and officials.

Supposed moves towards open government are not to be taken seriously. Treasury ministers do now appear in public ("ending pre-Budget purdah"). The governor of the Bank of England can decide when to announce the chancellor's decisions. A committee of outside economists is "consulted" by Mr Clarke. These are gestures. They do not affect the substance of decision-making. They do not allow for the additional wisdom that might accrue if the Budget was issued as a green paper in advance of the real thing. The chancellor is merely flashing an ankle, revealing nothing. The same principle, incidentally, is being applied to Britain's spies, whose existence, headquarters, and directors have recently been named – without making us much the wiser.

In a rational world we would have seen the back of the Tories by now. In reality they have nothing to fear but a Labour party led by Mr John Smith. Voters know that Labour stands for spending. That is its attraction. Mr Smith says that closing tax "loop-holes" would bring in £10bn to the Treasury. This, he would have us believe, is not like the Conservatives' additional taxation. The government can punch aside such complicated and disingenuous notions without visible effort. When assessing the Tories' chances of staying in office, and winning again, ask yourself this: which party is the better liar?

LETTERS TO THE EDITOR

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Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Cooling off would avert tax problem

From Ms Kay Ingram.

Sir, Andrew Jack highlights the possibility that the chancellor will reduce or remove tax relief on pension contributions in the forthcoming Budget ("Planning to counter the budget crunch", November 20). He indicates that higher rate tax payers should consider making contributions before Budget day to safeguard higher rate relief currently available.

However, his warning that any immediate action could result in the potential loss of higher levels of tax relief, assuming income tax rates go up and pension tax relief is untouched, is spurious. The cooling off requirements of the Financial Services Act mean anyone in this position can safely make a contribution.

Should this prove not to have been the best course of action, they will be able to cool off and receive a full refund of their contributions within 14 days. Those likely to be affected by these possible changes should consult an independent financial adviser.

Kay Ingram,
divisional director,
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Naming names if companies fail

From Mr Nigel Wilkins.

Sir, There is little doubt that more directors of failed companies deserve to be disqualified for misconduct ("Insolvency service fails to speed up", November 17), and it is gratifying to learn that more resources are being devoted to achieving this objective.

In the meantime, while this backlog of outstanding cases is being cleared up, the business community's interests would best be served if the Insolvency Service actually published the names of directors receiving an adverse report from company liquidators.

Moreover, since misconduct by directors is such an important contributory cause of corporate insolvency, greater resources also need to be devoted to enforcing company law more generally. Sample vetting of accounts submitted to Companies House could play a key role in deterring much of the malpractice that persists.

Nigel Wilkins,
9 Petersham House,
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Liquidity

From Mr D K D MacKerrell.

Sir, I was most interested to read that Armenia had joined the Hebrides in adopting the dram as its unit of currency ("Armenia introduces own currency", November 22).

Does this move herald a pan-European alliance to rival the Ecu, or will it be backed by commodities to form the Whisky Standard?

D K D MacKerrell,
principal lecturer in accounting,
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Woolwich Campus,
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No shortage of advice

From Mr T Gordon Buckeridge.

Sir, Your comment ("Flat-owner plan fails to attract funds", November 3) that without freely available advice take-up of the right of collective enfranchisement will be low is not supported by the facts.

Housing minister Sir George Young's hope to have an advisory group financed and set up to help both landlords and tenants in this area to understand the terms of the act may have foundered, but there are many bodies and firms that have already published excellent guides apart from that published by his own department (some of which are free, some not) to enlighten those entitled to participate.

This federation has been giving free counselling to its members since 1971 in this field, from forming tenants associations to running a block of flats after purchase of the freehold. It will continue to do so long after any government-inspired group is laid to rest.

T Gordon Buckeridge,
chairman,
Federation of Private Residents' Associations,
11 Dartmouth Street,
London SW1H 9BL

'Quick fix' not in best interests

From Mr R Hoegh-Johansen and Mr M Rubery.

Sir, It is widely accepted that the credit boom of the 1980s was due to financial deregulation and over-optimism about growth. It resulted in the private sector incurring a high level of debt and this has led to the current recession.

We believe the private sector's priority is still to reduce this debt burden because of less optimisticeconomic outlook and borrowing constraints by a more cautious banking sector. Consequently, cutting interest rates in the budget will not result in an immediate increase in investment or consumption but rather will at most bring closer the date when a desirable ratio of debt to income has been restored. Only then will we enjoy sustained non-inflationary growth.

Therefore, we ought not be expecting a "quick fix" solution but instead look to maintain a consistent long-term monetary policy.

R Hoegh-Johansen,
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(Warwick University students),
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Earlsdon, Coventry CV 6LB

Motorways need more service stations

From Miss Pip Pirie.

Sir, After so many tragedies recently on the roads, I feel I must voice my opinion about the severe lack of service stations on the motorways. There are none on the M40. Being a student in Birmingham and living permanently in Sussex I often drive home. The 150-mile journey is entirely devoid of services. The Department of Transport has brought it to our attention that "tiredness can kill" and that we should "take a break".

The question as far as the M40 is concerned is: "Where?". Recently, a mother travelling with her children in the back of the car was fined for stopping on the hard shoulder for fear of falling asleep at the wheel. Her crime was that she had not broken down and was therefore illegally parked. Ironically, the idiot who changed his wheel in the outside lane was let off with a caution. Surely it has got to a stage where the government must react positively to these frequent incidents.

Many a time have I driven past a lorry that is weaving between the hard shoulder and the inside lane, the driver obviously dropping off. These HGV drivers are under a great deal of pressure to deliver on time, but there is only so much one can do to stay awake. Service stations could and should be included at the road planning stage. There is so much that needs to be done to lift the safety standard of roads but providing more service stations would be a step in the right direction.

I know my mother is not the only parent who worries more and more about the safety of her children on the roads.

Miss Pip Pirie,
8 Dale Road,
Selly Oak,
Birmingham B29 6AG

Thorp market tested and offers jobs in high unemployment area

From Mr David Compston.

Sir, With 3,000 jobs on the line at the Thorp plant at Sellafield and many more at stake in contracting companies such as mine, the debate about whether the plant should open is absurd as Paul Leventhal suggests (Letters, November 23).

However, he misses the point. Thorp is built. It has full order books and the customers put up their money in advance. The German and Japanese utilities have said again and again that they stand by their commitments to the plant. What greater market test can there be than that?

It is time that British industry was left alone to do the job it knows best: to lead the world in high technology; to make profits and be proud of it.

David Compston,
chairman,
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From Lord Inglewood MEP.

Sir, You have just published a series of long and detailed letters about Thorp (November 23).

If this proposal proceeds it will create in the order of 5,000 jobs in West Cumbria, which is an area of high unemployment.

Not one word was devoted to the economic and employment consequences of this proposal for my constituents. I do think that any debate about Thorp must include a recognition of the economic importance of this project for those in the locality.

Clearly, human and environmental safety is the paramount consideration, but simply to overlook and ignore the economic and employment implications on the west coast of Cumbria is to omit a very important and legitimate aspect of the debate. Those who do so debase their own arguments.

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Mr Kohl loses his gamble

Under the wise post-war German constitution, the country's federal presidency is a post devoid of real political power. Mr Richard von Weizsäcker, the incumbent, has, however, shown that the German head of state can wield weighty influence within and beyond his country's borders.

Germany's complex struggle to come to terms with unification has increased both the potential authority of the office and the pitfalls into which it can stumble. After chancellor Helmut Kohl's mishandling of the issue of Mr von Weizsäcker's successor, the damage runs deep. The stature of the presidency will probably recover. Mr Kohl's may not.

Yesterday's decision by Mr Steffen Heitmann, the chancellor's choice as Mr von Weizsäcker's successor, to step down from the presidential race was an inevitable reaction to the hostility caused by his candidacy within and beyond the governing Christian Democratic Union (CDU).

The tactlessness of Mr Heitmann's remarks during the summer on the holocaust or Germany's European role has sometimes been exaggerated. Yet he never looked likely to live up to Mr von Weizsäcker's standards. Mr Kohl's initial decision to back an untried east German was always risky. It has now been exposed as an ill-thought out gamble, laying the chancellor open to charges that, after 11 years in power, he is falling prey to hubris.

After his 1989-90 reunification triumph, Mr Kohl has during the last few years started to look out of touch with the realities of his country's economic challenges. In contrast to his predecessor, Mr Helmut Schmidt, the chancellor's strength has been his pre-eminence in dealing with adversarial elements in his own party. His loss of sure-footedness as revealed in the Heitmann affair will further weaken an already unpopular CDU. Mr Kohl has earned his place in the history books. But, as he ponders next year's mammoth run of regional and national elections, he runs the risk of looking like a lame duck.

No party can benefit from the last few months' spectacle of horse-trading of Germany's highest political office. But the chances must have increased that the opposition Social Democrats (SPD) will take the presidency for only the second occasion in the history of the post-1949 republic. The party has now two respected candidates, Mr Johannes Rau and Mr Richard Schröder, the east German professor yesterday endorsed by Mr Heitmann.

Mr Kohl's rationale in putting forward the Heitmann candidacy was to avoid formally endorsing a Social Democrat candidate. This would have undermined Mr Kohl's position by appearing to open up a path next year to a formal CDU-SPD Grand Coalition, under another leader. After the presidential debacle, Mr Kohl's strategy has misfired. If a Grand Coalition starts to look the most likely outcome of next year's elections, Mr Kohl's position as party leader and chancellor could become increasingly untenable.

Welsh wizardry

Government policies for economic regeneration in Wales are often hailed as a model which could be copied in England. Inward investment is one symbol of success: with just 5 per cent of the population, Wales has won around 20 per cent of jobs from investment into the UK in recent years. The unemployment rate in Wales – in the past higher than the UK average – is now slightly below the average.

Yet doubts persist about the substance behind the rhetoric of achievement. A study published this week by the Government Statistical Service questions the success of the Programme for the Valleys. This initiative, launched in 1988, pumped £770m of public funds into the the south Wales valleys during its first five years. Yet manufacturing employment in the area fell by 11 per cent over the period, compared with a drop of 7 per cent across Wales. While there has been a small improvement in the unemployment rate, it is only marginally greater than for Wales as a whole.

It may be that it is too soon to reach a judgment on what is inevitably a long-term process. The initiative has achieved a good record in land reclamation, with most derelict land now cleared. Considerable improvements have been made in infrastructure such as roads and industrial buildings. Without the additional 5,000 jobs in overseas-owned manufacturing plants created in the first five years of the initiative, the area would have fared much worse. Yet for all the flow of public money, the economy of the valleys has done little better than the rest of Wales.

Wednesday's is the third official report in three years to raise doubts about government regeneration policies in Wales. In 1991, the National Audit Office criticised the government's failure to calculate accurately the returns on public investment in job-creation. In 347 projects approved in 1984-85, 16,745 jobs had been created, compared with a forecast of 25,715. While the aim was to use government funds to lever in between three and eight times as much in private investment, the NAO found that the figure was closer to 1.7 times.

More recently, there has been embarrassing criticism of the Welsh Development Agency, the government's economic regeneration arm in Wales. A Commons committee accused it of wasting public money on redundancy payments and an unsuccessful project to consider possible privatisation.

Economic regeneration undoubtedly needs public funds if the private sector is to be attracted back into areas such as the Welsh valleys. But costs and benefits must be analysed openly and accurately to ensure that limited resources are deployed effectively. Lord Walker, the Welsh secretary between 1987 and 1990 who launched the Programme for the Valleys, would do well to remember this in his new job as as chairman of English Partnerships, the government's urban regeneration agency for England.

Tokyo's blues

The Japanese authorities have long enjoyed an enviable reputation for astute management of the world's most dynamic economy. They are losing their reputation, as the economy has lost its dynamism. Worse, they seem unwilling, or unable, to do anything effective about it.

Earlier this week Mr Yasushi Mieno, governor of the Bank of Japan, admitted that he could see no sign of recovery, though he doubted whether the recession would develop into a "worsening spiral". This is slight comfort. In any case, he insisted, the central bank had "taken all necessary steps in terms of monetary policy," after cutting its discount rate seven times since July 1991. This is an unpersuasive excuse.

Even as he spoke, the ministry of international trade and industry disclosed that industrial production had dropped by 3.8 per cent year-on-year in the third quarter. Prospects for industrial output also remain poor, with inventories 1.1 per cent higher at the end of September than three months earlier and the monthly index of leading indicators in decline. Meanwhile, real household spending was down 1.7 per cent in the year to September.

With companies suffering declining demand at home and the burden of an appreciated yen, profits are inevitably depressed, as is the stock market, down 19 per cent since September. Economists share the gloom, disagreeing only over whether gross national product will stagnate or grow slightly next year, after stagnating or falling this year.

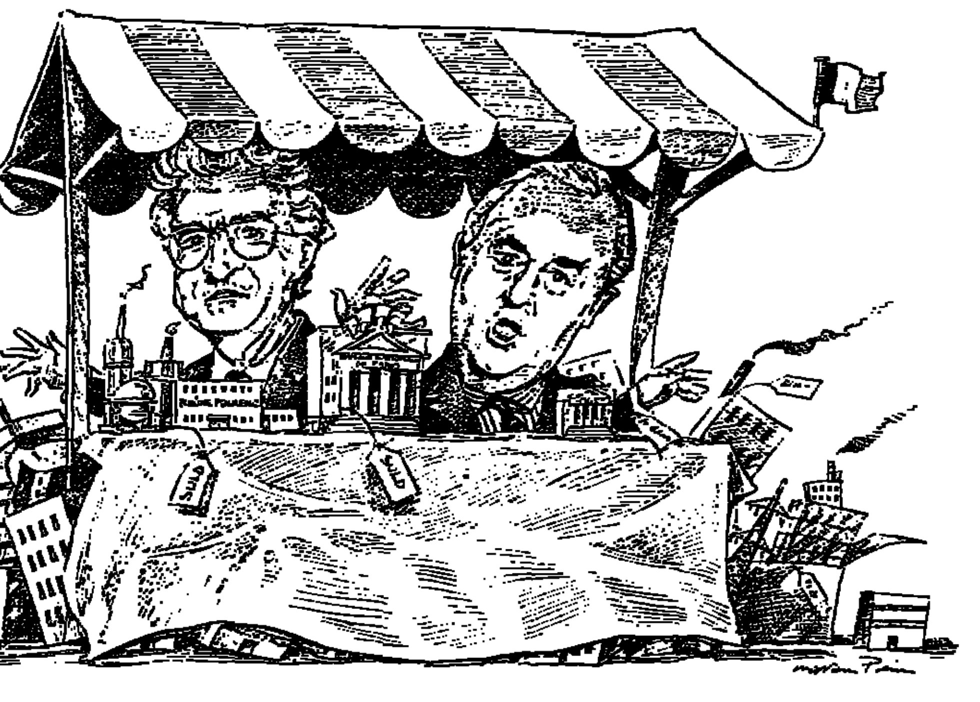
Unlike Germany, Japan seems to be in the grips of a true deflation: wholesale prices have been falling at an annual rate of around 3-4 per cent a year, while consumer prices are rising at about 1 per cent. In the Japanese case, there is no excuse for monetary stringency. Yet broad money has grown little since 1991. No wonder nominal gross domestic product expanded by a mere 0.2 per cent in the year to the second quarter of 1993.

Since the combination of expansionary fiscal packages with slow monetary growth tends to push up the exchange rate, monetary policy must be loosened as well. If low interest rates have little effect, the Bank of Japan could inject money via aggressive open market operations. The authorities could also increase the responsiveness of bank lending to interest rate cuts, by helping accelerate the removal of bad debts from bank balance sheets. Meanwhile, radical deregulation – including liberalisation of agricultural imports – should be sold as a way of dampening any incipient inflation and creating new opportunities for growth.

Why should an economy with no inflation, huge productive potential and an exceptionally strong fiscal position suffer persistent stagnation? If the Japanese authorities cannot think of a really good answer to this question, they should try harder to stop it being asked.

Rush for Balladur's winter bargains

John Ridding examines the initial success of France's privatisation programme



So far, so good. The smooth sale of the French government's stake in the chemicals group Rhône Poulenc means that the first brace of companies on its 21-strong privatisation list has been successfully dispatched from the public sector.

As with Banque Nationale de Paris, which launched the government's FFr250bn (£28.47bn) privatisation programme last month, Rhône Poulenc was much in demand. The public share issue was three times over-subscribed, prompting the government to exercise a claw-back option from institutional investors, Mr Edmond Alphandéry, the economy minister, announced yesterday.

"We are off to a strong start," says an official at the economy ministry. He adds that the FFr13bn to be raised from the sale of Rhône Poulenc and FFr28bn from Banque Nationale de Paris will enable the government to reach its target of FFr40bn from privatisations this year. Over the next few weeks, the private sale of Banque Hervet, the small retail bank, should be completed, adding about one billion francs to privatisation proceeds.

But this year's receipts pale alongside the whole programme, the largest sell-off in a wave of privatisations in Europe. The big question facing the government and investors is whether the successes of Rhône Poulenc and BNP can be repeated as bigger, more complex or less attractive issues are led to the auction block.

Most observers are confident, at least for the next few issues. "I don't see the process becoming more difficult," says Mr Didier Cherpitel, managing director in Paris of J P Morgan, the US investment bank. "The companies to come are well known and in appealingsectors." The government has also shown its willingness to sell its assets at attractive prices – shares in both BNP and Rhône Poulenc were offered at a discount of about 13 per cent to their market price.

Next on the auction block will be Elf-Aquitaine, the oil company and France's largest industrial group. It is the final name on the list of four companies selected to launch the privatisation programme and will be sold early next year. The next phase in the sell-off has yet to be announced. But Union des Assurances de Paris, the country's largest insurer, is expected to be near the top that list.

Preparations for the sale of Elf and UAP are under way. Mr Edouard Balladur, the prime minister, has installed his own men to head the two groups – Mr Philippe Jaffré at Elf and Mr Jacques Friedmann at UAP. Like BNP and Rhône Poulenc, Elf is suffering from falling profits – a result of depressed European markets and the weak oil price. Mr Jaffré predicts "mediocre" results of just over FFr1bn this year, against FFr6.2bn in 1992. But industry observers expect an adequate demand for shares in Elf, as profits are set to recover over the next two years.

At UAP, recovery is underway. After a sharp fall in profits last year, the insurance group announced a 15 per cent rise in net profits to FFr1.09bn in the first half. More importantly, Mr Friedmann's predecessor, Mr Jean Peyrelevade, resolved a long-standing dispute with Suez, the financial and industrial holding company. The agreement gives UAP control of Colonia, the German insurance group, and enables Mr Friedmann to strengthen his company's European presence.

The further down the list of privatisation candidates the government moves, however, the more complex the sell-off process becomes. In some cases this is because of restructuring plans, in others because the candidates are loss-making, indebted enterprises.

The biggest restructuring is at Renault, which is attempting to merge with Volvo of Sweden. The government's decision to complete the merger before privatisation is logical. "You can't ask investors to buy shares before a big change in the shape of the group," says Mr Louis Schweitzer, Renault's chairman. But the merger is proving problematic. Swedish shareholders, concerned about the terms of the agreement, could sink the deal at a vote on December 7.

Renault, which has remained in profit throughout the downturn in the world car industry, could be sold with or without a successful merger with Volvo. Elsewhere, however, restructuring is likely to be a condition of privatisation. One example is Pechiney, the loss-making aluminium producer. To increase its attraction, Mr Gérard Longuet, the industry minister, is considering a classic case of what the French describe as "industrial meccano". This would involve an alliance between Pechiney and Compagnie Nationale du Rhône, a low-cost supplier of hydro-electricity.

Such strategic restructuring illustrates a paradox likely to appear in several privatisation issues – the need for the state to intervene in some companies to prepare the ground for a loosening of state control. In the case of Pechiney it has prompted resistance from Electricité de France, the state-owned utility, which is understandably reluctant to lose one of its most profitable operations. But the interests of EDF's political masters are likely to overcome such protests.

Stronger opposition to the privatisation plans comes from union protests against rationalisation. Without job cuts, loss-making companies on the privatisation list – such as Bull, the computer manufacturer, Air France and Aérospatiale, the aerospace group – will find it difficult to return to profit.

With unemployment at 11.8 per cent and rising, the government is unwilling to risk social unrest by fuelling the ranks of the jobless. Last month's strike at Air France, which prompted the government to shelve an austerity plan at the airline, sent a powerful signal that public sector industry should avoid involuntary redundancies.

As the more attractive members of public sector industry line up for sale, such a constraint is limited. But the postponement of rationalisation measures at Air France and other loss-makers may make it difficult to privatise them within the government's five-year timetable.

If the supply of companies to be privatised may become more problematic after next year, what are the prospects for demand? The potential remains strong. "There is a lot of domestic liquidity," says Mr Cherpitel of J P Morgan, referring to the FFr1,200bn of savings held in Sicav money market funds.

These funds have been rendered less attractive as interest rates have fallen. Interest rates on three-month loans are now less than 7 per cent against more than 9 per cent late last year. In addition, there are savings committed to the government's Balladur bond, which raised FFr110bn when it was issued last summer and which can be converted into privatisation shares.

International prospects are also encouraging. "The French programme should be quite successful in attracting US investors," says Mr David Boyle, managing director of Citibank in New York. He argues that France represents only 3 per cent of the European equities held by US investors and is, thus, underweight in most US portfolios. Both the BNP and Rhône Poulenc issues were oversubscribed by international institutional investors.

Whether potential demand is transformed into purchases will, however, depend on French economic prospects and the stock market's performance. "The major risk is that a longer, deeper than expected economic recession could renew equity market weakness in late 1993 and 1994," says Mr Jean-Francois Mercier, economist at Salomon Bros in London.

The government has struck an upbeat tone in this respect. "The economy seems to be on the right footing," said Mr Balladur last Sunday, promising further stimulatory measures if necessary. But private sector economists are more cautious. They describe official forecasts of a 1.4 per cent increase in Gross National Product next year as optimistic, arguing recovery requires a fall in interest rates and a revival in consumer confidence.

Without lower borrowing costs the prospects for economic recovery will remain fragile. So too will the performance of the stock market. In that case, France's grand public sector sell-off would find the going much harder.

Balkan crisis comes between friends

PERSONAL VIEW

As European Union officials prepare for Bill Clinton's first trip to Europe as president, in January, there is a growing awareness that something is seriously wrong in Europe-US relations. Trouble was in the air even before President Clinton, strengthened by his recent North American Free Trade Agreement victory, signalled to Europe that the US would favour its Asian trading partners if the EU does not move far enough to make possible a deal on the General Agreement on Tariffs and Trade.

Is there a Europe-US crisis in the making? Is trade the problem? The answer to the first question is maybe and to the second no. The real problem is the tragedy in the former Yugoslavia and the questions it raises about who should do what in world peacekeeping. There are trade disputes, but for now each side is doing what it could be expected to do – bargain. The Balkan crisis is deeper and harder to talk about.

Some in Europe have difficulty understanding why this should keep coming up in transatlantic relations. Americans are seen in Europe as naive, self-righteous and hectoring, or at least unrealistic when they seemingly preach to Europe about a problem that has no easy solution, no single villain and apparently nothing but political downside. At least in trade the EU can understand the US interest, but in the Balkans Americans seem like boy scouts. In fact, the US does have an essential interest in knowing its closest allies share a sense of peacekeeping responsibilities.

The fall of the Soviet Union and end of a world dominated by two superpowers has ignited a debate within the US about its role in world peacekeeping. There is little consensus on when it is necessary to use force and who should do it. But many key US policymakers, especially in Congress, continue to believe the primary responsibility for the Balkans lies with Europe. However well-intentioned and skilful Lord Owen's efforts have been, including the most recent round to try to exchange sanctions for territory, they appear to lack two essential ingredients of world peacekeeping: muscle and moral basis.

As to muscle, there is intense resentment both on Capitol Hill and among some administration officials towards the perception that Europe will not or cannot use force where it must. Americans do not want to be the bouncers or bodyguards for other wealthy nations that sit comfortably indoors. Europeans have not forgotten the stinging comments of Senator Joseph Biden, the ranking Democrat on the foreign relations committee, a few months ago, to the effect that Americans were tired of Europe "holding our coats" while urging the US to do the fighting.

There is resentment on Capitol Hill that Europe will not or cannot use force where it must

On the lack of moral basis, the New York Times columnist, Anthony Lewis, wrote in March that the EU was a "dead. . soulless creature" because of its failure to act meaningfully to stop the carnage in Bosnia. It is not just Americans who have been critical. The Czech Republic's president, Vaclav Havel, said in his October 9 address to the general assembly of the Council of Europe: "The former Yugoslavia is the first great testing ground for Europe in the era that was initiated by the end of the cold war." Havel added that Europe's response is a failure on a scale with its failure to deal with Nazism and Soviet tyranny.

The moral vacuum of Europe's actions – or non-actions – is underscored by the plan for a partial lifting of sanctions in exchange for more land for Bosnian Moslems. In itself, this is probably a good stop, and the US does seem so far to favour it. However, the problem is that it lacks any condemnation, let alone deterrence, for the unspeakable acts of inhumanity that have transpired and will almost certainly continue. What if such trades succeed in calming the hostilities and even providing relief from the winter? Of course, that would be a blessing, but what lesson would it give? Kill, rape, torture, maim innocent people, including the old and young, until it gets you no more – then sit down and do business.

By accepting its responsibility to stop the atrocities, punish the guilty and restore what Havel referred to as "the values of a civic society based on the peaceful coexistence of different ethnic groups and cultures", Europe would prove itself a trusted and trustable ally with which the US can join to preserve world peace. This is not to say that Europe and North America must always agree on peacekeeping, the role of force and who must do what and where. But they must at least both be in the same game, willing to take similar risks to preserve common values.

Raymond S Calamaro

The author, a lawyer, heads the Brussels office of Winthrop, Stimson, Putnam & Roberts

OBSERVER

Insuring your privacy

■ Should you receive an approach from Royal Bank of Scotland to buy your business, and you value your privacy, take the money in equity rather than yearly bonuses. This seems the moral of the story of Peter Wood and the Moffat family.

For the Moffats sold the A T Mays travel agents to Royal Bank around the time it was buying Wood's 25 per cent stake in Direct Line. Since then, Wood's ballooning compensation package has barely left the headlines.

The bank finally paid £24m to buy out Wood's bonus in an effort to protect itself from the fuss. He now holds £10m in Royal Bank shares, less than a third of the 1.5 per cent the Moffats have held all along in glorious obscurity.

User friendly

■ Cable & Wireless seems to have a knack of acquiring the services of ministers formerly responsible for its well-being. First, Lord Young becomes chairman of the privatised telecommunications group, hot-foot from the Department of Trade and Industry. Now Michael Manley, prime minister of Jamaica until last March, appears on its payroll as C&W's chief lobbyist with Cuba's Fidel Castro.

Once upon a time Jamaica's phone system was as decrepit as Cuba's and C&W mended it. So presumably Manley has been hired to tell Fidel what a good job it did. If the ploy works, it could turn out to provide a nice little number for other out-of-work politicians. Who knows, there could be a job for an ex-governor of Hong Kong, helping C&W's Hong Kong Telecom crack the Chinese market.

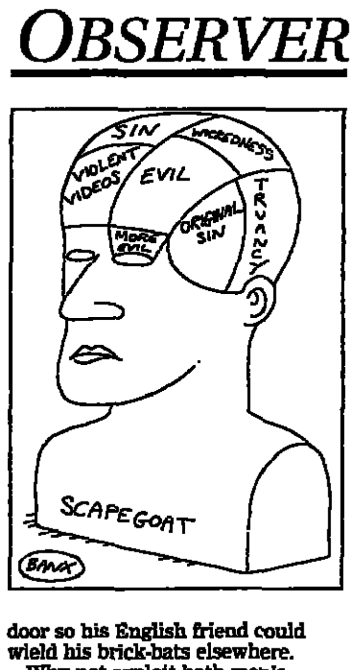
Up yours

■ Kenneth Clarke's verbal thuggery spreads abroad, notably in two recent bouts with Jacques Delors in which the Frenchman was treated to manners usually reserved for Britain's police and medics. Brussels folk are beginning to ask how Clarke got a reputation as one of the most pro-European ministers.

An obscure Euro-law on urban waste water supposedly costing the British taxpayer £10bn caught the rough edge of Clarke's tongue – the only problem being that the British government had itself supported the directive in a unanimous vote. The chancellor was also pretty rude about the benefits of work-sharing, neglecting to acknowledge that Delors had distanced himself from that very principle.

A pained EC president wondered aloud why Clarke was obsessed with winning and losing. He even offered to build a cricket pitch next door so his English friend could wield his brick-bats elsewhere.

Why not exploit both men's sporting loves in a more constructive fashion by arranging a tryst at the Anderlecht football ground during the chancellor's next visit?



Sugar 'n spice

■ Alan Sugar, chairman of Amstrad and Tottenham Hotspur, was in fine fettle yesterday as he fielded questions from 350 young business folk at a lunch given by the charity Jewish Care.

Would he do anything differently if he could turn the clock back? "Yeah, I wouldn't deal with solicitors." And what about the future, did he have some concrete aims? "Certainly – not to get any more solicitors' bills."

Bear necessity

■ It was with the best of intentions that the FT this week re-ran an ad for the Peacekeeper Bear, a fund-raising toy launched by John Major in May and dreamt up by the United Nations Association. Unfortunately, the 0891 number now hands out racing tips for the 2 o'clock at Huntingdon.

The UNA, which has already sold 3,000 furry items, says it hopes the tips enrich potential donors. They and others should now place their order on 071 402-9029.

Keep your quango

■ Sounds like the government might be having a spot of trouble finding a heavy-weight political figure to fill the chair of the Housing Corporation, the quango that distributes government grants to housing associations.

John Maples, highly regarded as economic secretary until he lost his seat in Lewisham at the 1992 general election, isn't interested. "When I started this enforced sabbatical I decided to get a full-time job rather than lots of little ones. I am sticking to that," says Maples, now running one of Saatchi & Saatchi's government lobbying outfits.

Sir David Trippier, also evicted from Parliament last year, might seem a better bet. He has done two stints at the Department of the Environment, the Housing Corporation's paymaster, so knows the business well. He would be "flattered to be asked", but even if he were he says he would say No. He's enjoying himself too much as chairman of Tepnel Diagnostics, a bio-technology company.

Given that this month's Budget is likely to cut the grant of one of Britain's biggest quangos, the former MPs' disinclination is perhaps understandable. Looks like the government may have to make do with another property developer after all.

Inscrutable

■ That organ of moral probity – the magazine Women of China, a government publication – is usually packed with useful tips, the latest edition being no exception.

It carries one absorbing item, *Seven Don'ts in Sexual Life*, by Zhang Hude. It's all based on the idea that one's *qi*, or vital energy, can be affected adversely by engaging in amorous activities at the wrong time.

This includes when one is not in a good mood and when the weather is abnormal. . .

FINANCIAL TIMES
Friday November 26 1993

Framework deal with union would reduce hours by 20% at six plants

VW in pact to cut work time

By Christopher Parkes in Frankfurt

Volkswagen and the IG Metall engineering union yesterday agreed a framework deal temporarily to cut working times in VW's six German works by 20 per cent, but gave strikingly different views on how it would affect wages and costs.

Mr Jürgen Peters, the chief union negotiator, said the annual incomes of around 100,000 workers would be reduced by 10 per cent, while Mr Jochen Schumm, representing VW, said the pact would cut total personnel costs by almost 20 per cent or DM1.8bn ($1.06bn) a year.

The draft pact, which still needs much work before final approval, according to VW officials, will be presented to a meeting of the group's supervisory board in Wolfsburg this morning.

Agreement was reached under the shadow of threats from VW that 30,000 of the company's 100,000-plus German jobs would have to go unless cost-savings could be reached. The settlement on a basic 28.8 hour working week would apply "in principle" to all 105,000 employees, a spokesman said last night.

While union officials saw the deal as opening the way for widespread cuts in working hours – the union movement's favoured way of spreading work and preventing lay-offs – economists and industrialists were sceptical.

Mr Thorsten Neufeld of the Deutsche Bank said the package would not lead to reductions in unit labour costs necessary to restore VW's competitiveness.

Adam Opel, VW's main rival, said it was not an appropriate starting point for restructuring the car industry.

Mr Ludwig Horatz, head of Hamburg components supplier Phoenix, said the deal had been made possible by VW's generous pay scales which, he claimed, were at least 20 per cent above the metal industry average.

Audi, part of the VW group, where pay rates are already 10 per cent below those at the parent, said it was examining the idea.

Volkswagen's project is widely seen as an emergency stop gap measure to allow the deeply troubled company to avoid conflict with its labour force and its principal shareholder, the Social Democrat/Green party government of Lower Saxony.

Already committed to bailing out its Spanish subsidiary Seat with a DM1.5bn emergency cash injection, VW would be hard pressed to finance 30,000 redundancies, according to critics of the scheme.

Details so far available include the withdrawal of a 3.5 per cent general pay increase, which took effect on November 1. Christmas bonuses, holiday payments and other perks are to be reduced and the balance will be distributed monthly instead of in one-off lump sums.

The negotiators also agreed to bring forward a one hour cut to 35 hours in the "normal" working week from October 1995, to next January without a reduction in the basic pay rate.

Exports boost, Page 3

Indonesia and BAe agree car project

Continued from Page 1

but the company said yesterday that the ultimate aim was for the car to be completely manufactured in Indonesia.

Rover would not take any equity stake in the project, and the strategic industries agency would be responsible for the financing, said the UK carmaker.

Rover will head a group of five British companies developing the car jointly with the Indonesians, including T&N, the engine components group; IAD, the automotive design and engineering consultancy; Mira, the automotive testing facility, and Inchcape, the international trading and motor retailing group, which is one of the leading independent car importer/distributors in Asia.

Indonesia's plan for an indigenous car industry follows the success of neighbouring Malaysia in developing a national car, the Proton Saga, based on technology from Mitsubishi Motors of Japan. South-east Asia is currently one of the world's fastest growing car markets.

Petrochemicals producers near deal on capacity cuts

Chemical company shares rise on hopes for improved earnings

By Paul Abrahams in London

Europe's petrochemicals industry is close to agreeing rationalisation plans aimed at reducing losses running at hundreds of millions of dollars a month.

The Association of Petrochemicals Producers in Europe said yesterday that its members had failed to agree plans to cut ethylene capacity by at least 1.5m tonnes a year. However, most petrochemicals groups were optimistic that the complex plan would be approved next month. The APPE is scheduled to meet on December 17 .

Chemical company shares responded favourably to the news. Imperial Chemical Industries shares rose 45p to 719p, while shares in DSM of the Netherlands increased Fl 4 to Fl 102.2.

It is understood 25 APPE members voted, with 20 in favour, three against and two abstentions. A unanimous vote is needed. Those hostile to the proposals, which involve setting up an industry fund worth about DM550m ($325m) to help reduce capacity, are believed to be producers that have already shut plants and have efficient complexes. Some believe more capacity needs to be taken out than envisaged in the plan. During the early 1980s more than 4m tonnes was shut down.

Legal and technical details of the APPE plan also remain to be settled. Concerns have been expressed about verification and ensuring those shutting capacity do not build new plants for a set period. The European Commission would also have to approve any plan.

The European industry is dogged by overcapacity. Next year it will have capacity to manufacture 19.34m tonnes of ethylene, the basic building block for plastics, against expected demand of 15.58m tonnes, according to Trichem consultants, London-based industry specialists.

The company believes all European manufacturers of derivatives such as PVC and polyethylene have failed to cover their cash costs this year, let alone cover depreciation.

Under the plan, companies would bid for industry financed restructuring funds in exchange for closing down capacity.

Analysts were yesterday divided about the potential impact of the move. Mr Michael Stone, chemicals analyst at S.G. Warburg, said the proposals had a good chance of being accepted and could lift operating rates. "That should improve margins from the present loss situation to the profitability of, say, 1986 or 1987."

Others pointed out that the plan had yet to be agreed and would still require approval from competition authorities. They also pointed out that overcapacity was a worldwide problem and that Middle East and US petrochemicals manufacturers had a considerable cost advantage over European producers.

World stocks, section II

THE LEX COLUMN

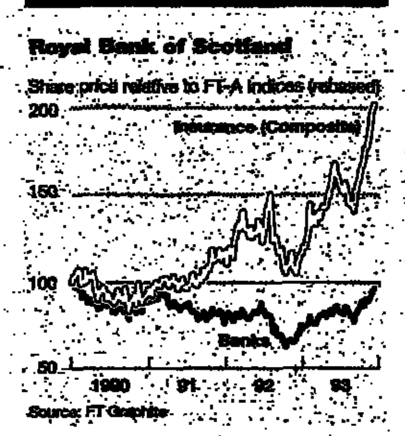
Oil in troubled waters

The bind which ties Opec members is clearly beginning to hurt badly. On the one hand a shortage of revenue argues for a price increase, on the other Opec does not wish to be railroaded into ceding market share, only to risk prices remaining weak. That scent of blood in the water is all the excuse speculators need to push the crude price lower.

Yet the lack of response of the oil majors' share prices may tell the more accurate story. The imbalance between supply and demand is not very great and Opec may be right to suppose the market will tighten over the next few weeks. If a cut is genuinely needed it is probably no more than the 2 per cent proposed at the meeting, and which could be agreed at an emergency session. In the slightly longer term the central expectation is that crude oil will move back into the $16-$18 a barrel range.

Temporary weakness in crude prices is in any case partly offset by a consequent gain in refining and marketing margins for companies with significant downstream interests. Perhaps more importantly, the market is concentrating on cost-cutting and the prospects for cyclical recovery. Retrenchment means Shell may well generate more cash this year with oil at $16 than it did two years ago when crude was $21 a barrel. BP's third quarter figures show that much of the benefit of cost reductions is being retained by the company. The risk to the rosy view of increasingly efficient companies approaching the turn in the world economy is that oil prices go down and stay down. If that happens the oil majors will be suffering alongside Opec and the explorers.

FT-SE Index: 3093.1 (+25.4)



Source: FT Graphite

Direct Line

It is hard to begrudge Mr Peter Wood his millions, since he has built the UK's largest motor insurer from scratch. Unlike notorious growth stocks of the 1980s, Direct Line's success is based soundly on its position as the lowest cost producer in an otherwise sleepy market. Plans to expand in home insurance and the risky end of motor insurance make sense. Buyers are paying unnecessary expenses – such as building societies' commissions on house structure policies. Low costs should prove a big advantage.

Insuring risky drivers is not a commodity business, so the decision to set up a new venture in this area also looks wise. Yet with decent computer systems it should be possible to keep close tabs on claims. The US experience suggests good profits can be made in this area. With around 6m riskier motorists to aim at, and 15m insurance-buying households, the Direct Line formula has plenty of mileage left.

Royal Bank of Scotland has little incentive to demerge its progeny. Direct Line should be self-financing within 18 months. A high level of reinsurance cover reduces the risk of a hurricane blowing a hole in the bank's profits. With an expense ratio well below the competition – and falling as it pushes more business through existing systems – Direct Line could follow prices lower through the underwriting cycle and still remain profitable. Applying a growth-stock multiple to this year's likely earnings results in a market valuation comfortably above £1bn. Even after yesterday's rally, Royal Bank shareholders should continue to feel the benefit.

BPB Industries

The ripple of excitement in building materials stocks caused by BPB's profits resurgence will provide comfort for those who have bid up the sector by more than 90 per cent since sterling's devaluation. Throw in the latest base rate cut and encouraging building figures and it is even tempting to see scope for further outperformance. Yet in believing this, the market is overlooking some immediate worries. The threat of the chancellor putting the hobnailed hush puppy into social housing and local government spending should at least occasion some pause for thought.

There is also a danger of generalising from the particular. Several special factors have aided BPB. The plasterboard war, which devastated prices, has abated and margins are rebounding faster than they will in other sectors. Moreover, BPB has had greater opportunity to cut costs, given its history as a flabby monopoly producer. The 15 per cent rise in German plasterboard volumes confirms the strength of that market. Then again, the shares of RMC and Redland should have already discounted as much.

The big question for BPB will be whether it seeks to diversify in order to smooth its volatile earnings stream. The group's strong cash generation, which is rapidly eroding gearing, is creating the opportunity. But any such plans seem to have perished with the abrupt departure of the chief executive in September.

Volvo

It is just as well that Volvo has finally drummed up some significant shareholder support for its proposed merger with Renault. Independence is simply not an option for an automotive company with such a limited product range. Management's apparent victory, though, is largely tactical. The French clarification of the golden share issue and privatisation programme pulled the rug from under the feet of opponents. Their visceral dislike of ceding a national champion to foreign control will remain.

Volvo, therefore, still needs to work hard at its investor relations, which have taken a knock from Mr Pehr Gyllenhammar's strong-willed style. Besides, a close alliance between the company and its owners will help defend Volvo's interests in the Renault deal. In the short run the French company's deteriorating profits will dilute Volvo's earnings. In the longer term Volvo must adapt to the awkward position of having no direct control over its largest asset.

Admittedly, Volvo will be the largest single shareholder in Renault-Volvo after privatisation and theoretically be able to exercise considerable influence. But the French side will dominate the executive, and the car industry is littered with examples of failed mergers. The best are those, like Peugeot-Citröen, which involve the maintenance of distinctive brands as well as just cost savings. Volvo must ensure that its brand is not devalued if the merger is to make sense. If not, it could be left with an indifferent investment of no strategic value.

Kohl and Major warn over Gatt

By Judy Dempsey in Bonn

Britain and Germany yesterday warned that failure to reach agreement on the Uruguay Round of trade talks on December 15 would have "intolerable" consequences for the developing world, perpetuating recession in western Europe and leading to protectionist measures by individual countries.

Mr John Major, the British prime minister, and Mr Helmut Kohl, the German chancellor, also issued grim warnings about the level of unemployment and uncompetitiveness in Europe.

If European Union countries did not tackle, and come up with solutions at next month's EU summit, both leaders said Europe would be unable to respond to the challenges posed by Asian economies. Speaking after the one-day Anglo-German summit in Bonn, Mr Major and Mr Kohl said a trade agreement was "achievable". But without naming countries, Mr Major said several countries had to show more "flexibility".

"Market access, agriculture, and audio visual issues, which affect both the US and France are now the main stumbling blocks to a deal," a British official said, adding that Bonn and London are "extremely worried about any failure. It will do nothing to stimulate our own economies."

British officials confirmed that US president Bill Clinton telephoned Mr Major on Wednesday evening to discuss the trade talks. They said Mr Clinton wanted Britain to ask Bonn how far German officials would be prepared to put pressure on France into making compromises over the Uruguay Round. French and German leaders meet next week.

Apart from Gatt, which dominated the summit, British and German officials said EU countries would have to adopt greater flexibility and training schemes to increase competitiveness and create jobs. "By the year 2000, the output of Asia will exceed the output levels of the European Community countries combined," said Mr Major.

The issue of unemployment and competitiveness will be the main agenda items during the European Union summit meeting early next month.

Both leaders also ruled out increasing public expenditure. "Sound finance, low inflation and flexibility on the labour market, and reducing barriers to part time work" are the basis for growth," Mr Major said.

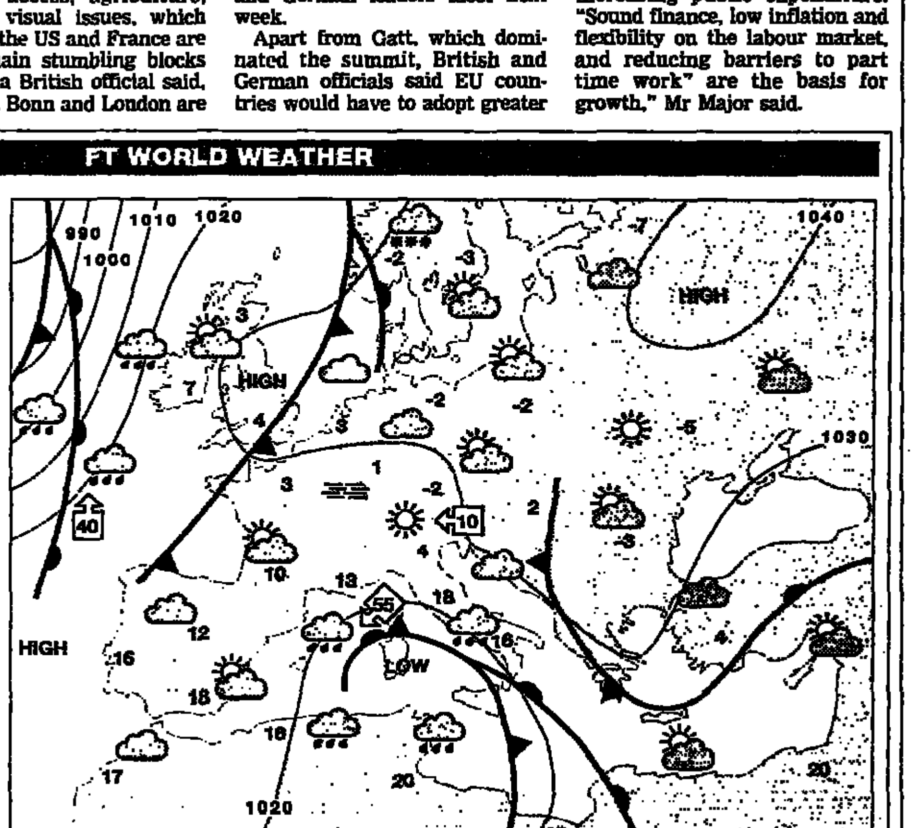
FT WORLD WEATHER

Europe today

Very cold air will cover most of the CIS and the Balkan States. The boundary between this arctic air and milder air to the west will remain almost stationary from northern Greece towards Finland, causing cloudy conditions and outbreaks of snow. Mixed snow, sleet and rain will occur in western Norway. Central and western Europe will be fair except for persistent cloud and fog in some areas. Rain will cover an area from the western Mediterranean to most of Italy. Winds will freshen to gale force in the northern part of this region. Northern Italy will be sunny except for the Po valley where fog will persist during the day.

Five-day forecast

Unsettled conditions will continue over the Mediterranean, but the heaviest rain will slowly shift south-east. A building ridge of high pressure near the Iberian peninsula will cause calm, sunny, but cool conditions. Wintry air will return to a large part of Europe as high pressure strengthens again over the continent. In this airmass fog will persist. Active frontal zones will stay mainly to the west of the Europe, but will spread cloud and rain to the western UK.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Celsius															
			Belfast	fair	5	Cardiff	sun	5	Frankfurt	fair	0	Malta	rain	20	Rio	thund	31
			Belgrade	fair	0	Chicago	rain	3	Geneva	cloudy	-1	Manchester	cloudy	4	Riyadh	sun	29
Abu Dhabi	sun	31	Berlin	fair	-1	Cologne	fair	4	Gibraltar	cloudy	17	Manila	shower	31	Rome	rain	18
Accra	fair	32	Bermuda	fair	28	D' Salaam	thund	31	Glasgow	cloudy	2	Melbourne	fair	31	S. Frsco	fair	16
Algiers	shower	18	Bogota	shower	19	Dakar	fair	24	Hamburg	cloudy	0	Mexico City	fair	21	Seoul	fair	9
Amsterdam	fair	2	Bombay	fair	34	Dallas	sleet	2	Helsinki	cloudy	0	Miami	fair	28	Singapore	thund	28
Athens	fair	12	Brussels	cloudy	3	Delhi	sun	29	Hong Kong	fair	24	Milan	fog	3	Stockholm	cloudy	-3
B. Aires	cloudy	24	Budapest	snow	2	Dubai	sun	31	Honolulu	thund	28	Montreal	fair	-2	Strasbourg	fog	-4
B.ham	fair	3	C.hagen	fair	3	Dublin	fair	7	Istanbul	cloudy	6	Moscow	cloudy	-6	Sydney	cloudy	29
Bangkok	fair	32	Cairo	sun	20	Dubrovnik	sun	16	Jersey	drzzl	7	Munich	fog	-1	Tangier	cloudy	17
Barcelona	fair	14	Cape Town	fair	25	Edinburgh	cloudy	3	Karachi	sun	33	Nairobi	thund	28	Tel Aviv	fair	18
Beijing	sun	5	Caracas	cloudy	29	Faro	sun	17	Kuwait	fair	28	Naples	rain	17	Tokyo	drzzl	17
									L. Angeles	fair	24	Nassau	fair	29	Toronto	fair	4
									Las Palmas	sun	22	New York	fair	11	Tunis	fair	20
									Lima	cloudy	22	Nice	rain	13	Vancouver	cloudy	8
									Lisbon	fair	14	Nicosia	shower	17	Venice	cloudy	8
									London	cloudy	4	Oslo	cloudy	-2	Vienna	fair	0
									Lux.bourg	fog	2	Paris	cloudy	2	Warsaw	snow	-4
									Lyon	cloudy	1	Perth	fair	28	Washington	cloudy	8
									Madeira	fair	19	Prague	fair	-5	Wellington	fair	17
									Madrid	cloudy	12	Rangoon	cloudy	34	Winnipeg	sun	-4
									Majorca	cloudy	16	Reykjavik	rain	6	Zurich	fair	-2

FINANCIAL TIMES

COMPANIES & MARKETS

Friday November 26 1993

INSIDE

Ups and downs at Euro Disney

Euro Disney, the troubled leisure group, yesterday had another turbulent session on the stock market when its shares fell sharply by 18 per cent *during* the morning only to bounce back in the afternoon to close 8 per cent higher at the end of the day. Page 20

Australian bank to be sold
The State Bank of New South Wales, Australia's largest regional bank, is to be put up for sale next month. Page 21

Battle of the giants
Two of Hollywood's largest film studios are locked in a life and death struggle. Will it be the last picture show for Paramount Pictures or for Warner Brothers? Page 22

CAC under pressure

Source: FT Graphite

The CAC-40 index, which soared to record levels during the summer and early autumn, has faltered on concern about the outcome of the Gatt negotiations, the Balladur government's cautious approach to cutting interest rates and the recent spate of industrial unrest in France. Analysts believe there is uncertainty about the prospects for the market, and investors are likely to remain nervous until the Gatt issue has been resolved. *Back Page*

Anderson steps up Ferranti pressure
Mr Eugene Anderson, Ferranti International's chairman, stepped up pressure on the defence electronics group's shareholders urging them to be "realistic" and to accept GEC's 1p-a-share rescue bid. Mr Anderson said the Ferranti board believes that if the £11.4m GEC bid is rejected "the only practical alternative is receivership. Page 24

Mixed stock market response
Celltech, the emerging bio-technology company, yesterday raised £50m in a placing of shares at 250p in the largest flotation this new UK sector had yet seen. Page 24
The shares of three newcomers to the stock market met with a mixed response in first-day dealings. Page 25

Hazlewood finishes its refocusing
Hazlewood Foods saw interim profits dip 5.7 per cent to £23.3m. The shares fell 7p to 141p. Mr Peter Barr, chairman of the UK food group, said the refocusing of the group was largely complete. Page 25

Old Speckled Hen lifts brewer
Morland, the Thames Valley-based brewer, trebled sales of Old Speckled Hen, its leading beer in a 20 per cent increase in profits. Mr Jasper Clutterbuck, chairman, said: "The results were achieved in the face of a particularly hostile environment both economically and climatically." Page 26

European Leisure warns investors
European Leisure, the debt-laden discotheque and snooker hall operator, has agreed a financial restructuring with its banks. Mr Clive Bastin, *chairman, said failure to obtain shareholder* approval would jeopardise the ability of the company to continue trading. Page 27

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Chief price changes yesterday

FRANKFURT (DM)				Paris Rescomp	540	+	25
Rises				Total B	324.1	+	11.1
Degussa	425	+	10.5	**Falls**			
Mercedes	726	+	11	Intertechnique	490.5	-	9.5
Falls				**TOKYO (Yen)**			
Bil & Berger	873	-	12	**Rises**			
Holzmann Ph	882	-	15	Tokyo Elec	425	+	35
Metallgesell	365	-	15	Union Optical	400	+	40
Sud Chemie	510	-	40	**Falls**			
PARIS (FFr)				Daido Steel	374	-	46
Rises				Hitachi Soft	2000	-	230
Air Liquide	808	+	25	Hohsui	410	-	60
Bancaire Cie	524	+	26	OKK	366	-	33
Fonc Lyonnaise	850	+	20				

New York closed.

LONDON (Pence)				Sterling Inds	182	+	7
Rises				**Falls**			
App Holograph	74	+	5	Bespak	280	-	18
BPB Inds	278	+	11	Capital Inds	148	-	18
BPP Hldgs	233	+	18	GEI Intl	70	-	15
Bettaware	159	+	8	Haemocell	61	-	10
Border TV	160	+	7	Hazlewood Fds	141	-	7
CentreGold	162	+	7	LASMO	128	-	8
Chloride	23¾	+	2	NSM	150	-	9
ICI	718	+	45	Shanks McEwan	98	-	22
London Intl	139	+	7	Tiphook	61	-	10
McLeod Russel	113	+	12	Yorks-TyneT TV	178	-	16
Pilkington	168	+	7				
Redland	563	+	22				
Royal Bk Scot	375	+	22				

Japan's banks fall sharply on bad loan burden

By Robert Thomson in Tokyo

Japan's leading banks reported sharply lower profits yesterday as the level of problem loans continued to rise, forcing them to take the unusual step of writing off loan losses.

The 11 leading commercial banks reported an average fall of 22.2 per cent in pre-tax profits for the six months to September, while non-performing loans rose by an average of 9.6 per cent as property prices continued to deteriorate.

Dai-Ichi Kangyo Bank, the country's largest bank, suffered a 44.3 per cent fall in net profit, blaming the decline on loan write-offs of Y164.2bn ($1.5bn). The Bank of Tokyo was the only bank to report an increase in net profit, partly a result of unusually low earnings last year.

The banks lifted their provisions for losses, which have mostly arisen from reckless property-related lending during *the late 1980s, and they sold* bad loans to the Co-operative Credit Purchasing Company, established to speed up the write-offs.

By the banks' reckoning, the level of non-performing loans ranges from 1.9 per cent of total loans at Mitsubishi Bank to 5.39 per cent at Hokkaido Takushoku Bank. But the institutions use a narrow definition and generally do not count the loans of affiliates.

It is widely estimated that the actual non-performing loans figure is around double the Y9,248.4bn *announced for the 11* banks yesterday. The write-offs, which totalled Y996.8bn, are a departure from Japanese banking traditions and follow pressure from the Bank of Japan, which fears that bad loans are restricting the banks' ability to lend and slowing a recovery of the economy.

The banks have covered their loan losses through sales of equities, but the weakness of Tokyo stock prices over the past month raises the possibility that they will also be forced to book losses on securities holdings over the *second half to the end of March.*

Banks were confident yesterday that the worst of their bad loan troubles were over, but many of the institutions reported an increase in the proportion of property industry loans among total loans during the period. Commercial property prices are still falling in large Japanese cities.

Ms Alicia Ogawa, financials specialist at Salomon Brothers, *said the banks' ability and will*ingness to lend was still in doubt, as their business profits were under pressure and they *would find it difficult to tackle* problem loans over the next year.

"The finance ministry is giving the impression that nothing is wrong, and the banks are giving that impression, but their non-performing loans are still rising. It is time for a new approach by the authorities," Ms Ogawa said.

Securities trading cushions German bank from recession

Commerzbank rises 52%

By David Waller in Frankfurt

Commerzbank, the smallest of Germany's big three banks, yesterday reported a 52 per cent rise in operating profits to DM909m in *the 10 months to October.*

The spectacular increase, driven largely by a near trebling of profits from securities trading, is likely to be followed by large increases in profits from other German banks as they report their figures over the next two weeks.

It is *likely that* 1993 will be another record year for the German banking sector, showing the extent to which Germany's banking sector has remained immune to the country's deep recession, in spite of mounting credit risks.

Mr Martin Kohlhaussen, the bank's *chief* executive, *hinted* that the profits performance would be reflected in a dividend increase exceeding what would be necessary to give shareholders the benefit of this year's lowering of corporate tax rates from 36 to 30 per cent.

"We are fairly confident that this will be possible," Mr Kohlhaussen said, although no final decision had yet been taken.

His remarks raise the possibil*ity of a payout of DM12 per share,* up from DM10 last year. A DM1 increase in the dividend would compensate for the tax change.

He added that the bank would be holding a large capital raising issue "soon". He did not clarify when, how or how much would be raised, saying that the money was necessary to bring core capital – the basis for future lending growth – from 4.6 to 5 per cent of total assets.

Earlier this year the bank held a DM500m equity rights issue and a DM800m issue of profits-sharing certificates with warrants attached.

The increase in profits was in part because of a 21 per cent cut in provisions for bad and doubtful debts to DM1.37bn, reflecting *lower provisions against sovereign debt risks.*

The operating result also benefited from DM229m of "other income" which reflected in part income from property sales as well as income from leased equipment.

Profits from securities trading soared from *DM163m to DM475m,* and buoyant fixed income, equity and derivatives markets also helped commission income rise by 26 per cent to DM1.55bn.

Profits on interest income – from mainstream lending business – rose 9.2 per cent to DM3.89bn in spite of a modest 2.1 per cent increase in total lending.

Commerzbank shares, which have outperformed the steeply *rising German market by* 15 per cent this year and count as the best-performing share among the big banks, rose only marginally yesterday against the trend of the market, closing 50 pfennigs higher at DM363.


Kohlhaussen: hinted at increase in dividend

Strong demand for Rhône-Poulenc

By John Ridding in Paris

The privatisation issue of Rhône-Poulenc, the French chemicals and pharmaceuticals group, attracted almost 3m individual investors and was about three times over-subscribed, Mr Edmond Alphandéry, the economy minister, announced yesterday.

Mr Alphandéry said that the level of orders for the issue, the second in the government's privatisation campaign, demonstrated support for its plans to sell public sector companies and expand popular shareholding.

The strong demand from individual investors means that the French government will exercise a clawback option to reduce the tranche allocated to institutional investors. As a result, the number of shares for individuals will be raised from 47.5m to 52.3m.

Individual investors will also see their allocations reduced below the 60 shares which was originally set as the maximum subscription. The government *will announce today how many* shares will be granted to individual applicants.

The price for individual investors, which was determined through a book-building process, was set at FFr146 per share, compared with the public offer price of FFr135. Yesterday, Rhône-Poulenc shares closed at FFr153.9.

Mr Alphandéry said that the sale of the government's 43 per *cent stake in Rhône-Poulenc had* also seen strong demand from French and international institutional investors. Of the 26.9m shares to go to institutional investors, 36.25 per cent are for French companies, 19 per cent to US companies, and 8.5 per cent to Japanese institutional investors.

The privatisation of Rhône-Poulenc, the first industrial group to be sold as part of the government's plans to privatise 21-publicly owned groups, is the last big privatisation this year. Within the next month, Banque *Hervet, a small retail bank, will* be privatised through a private sale.

The FFr13bn ($2.2bn) which is expected to be raised from the sale, combined with the FFr28bn which was raised through the disposal of Banque Nationale de Paris last month, means that the government will achieve its target of FFr40bn from privatisation proceeds this year.
Winter bargains, Page 17

Richard Lapper reports on the growth of Direct Line insurance

Next target: risky homes and drivers

The Royal Bank of Scotland, the *owners of Direct Line, the UK's* fastest growing insurer, yesterday issued a fresh challenge to the UK's traditional insurance market by announcing the launch of a new telephone-based insurance company for so-called "non-standard risks".

The company will sell policies to motorists and householders who currently find it difficult or expensive to obtain cover, following steep increases in premiums.

'Many drivers are poorly served'

From next year, it will aim to offer cheaper insurance to an estimated 6m motorists who are classified as higher risk because of their age, or because they drive fast cars or have poor claims records.

"We are not encouraging 17-year-olds to drive Ferraris," explained Mr Peter Wood, who will be non-executive chairman of the joint venture. "But at the moment many drivers are poorly served and find it impossible to get affordable insurance. When they do find an insurer they are subject to arbitrary rate increases and poor service."

Launched in 1985, Direct Line now insures more than 1.25m of the estimated 12m motorists regarded as "standard risk". It aims to attract an additional 1m motor policyholders in the next 12 months and is also stepping up its sales effort in the household *insurance market.*

Direct Line already offers household insurance to 273,000 home-owners and is keen to eat into the market share of the large composite companies, which sell most of their policies through building societies. Mr Wood's company is critical of household policy commission rates of up to 30 per cent and recently presented a complaint to the Office of Fair Trading.

Analysts believe the new motor insurance company will add to the pressures faced by some UK insurance companies, who mainly rely on sales through retail brokers. They have lost market share to Direct Line, Churchill and other "direct writers", which use a combination of mass media marketing and telephone sales to sell direct to the public.

Lloyd's syndicates and some smaller companies, which specialise in the "non-standard" market, could also be vulnerable.

Mr Steven Bird, an analyst *with Smith New Court*, said: "In the past the composites would have retreated to the non-standard market. They will now find Mr Wood lurking there. They have nowhere to hide."

Another analyst commented: "They have already been knocked sideways by the growth of direct writers in the motor market and had hoped to concentrate on the higher risk end of the market." A profitable non-standard market, served by specialist underwriters, has emerged in the US.

Before setting up its new venture, Direct line visited specialist companies such as Progressive of Cleveland, Ohio. One of the UK's composite insurers, Guardian Royal Exchange, owns two specialist US subsidiaries – Globe Insurance and American Ambassador – which are expanding in some US regional markets.

The new venture would "incorporate the hallmarks of Direct *Line", said Mr Wood – direct tele*phone sales and slick back room operations. This combination has allowed the company to reduce expenses to less than 50 per cent of those of its competitors and to offer premium rates between 5 and 15 per cent cheaper.

The new non-standard company will bring down rates, although its policies will generally offer less cover than in the standard market. "The idea is to bring affordable insurance to people who are priced out of the market at the moment," explained Ms Jane Dickson, company secretary of Direct Line.

The marketing campaign is likely to place more emphasis on newspapers,specialist motor and other publications, rather than on television adverts. And the new venture's telesales operators – who underwrite policies with the help of sophisticated computer software – may need *greater experience of the insur*ance industry.

The new company will hope to achieve the same high "retention rates" as Direct Line, with more than four out of five policyholders choosing to renew their policies with the company each year.

"We will stimulate the market and make it more competitive. A better way of doing business is needed," says Mr Wood.

Mining investment trust beats UK record for fund launch

By Kenneth Gooding, Mining Correspondent

Julian Baring, manager of one of the best performing gold funds, has hit the jackpot with his latest brainchild, the Mercury World Mining Trust.

This investment company, which will put its money into a broad range of international mining and *metals* shares, has attracted £380m ($566m) before expenses – making it the UK's biggest ever investment trust launch.

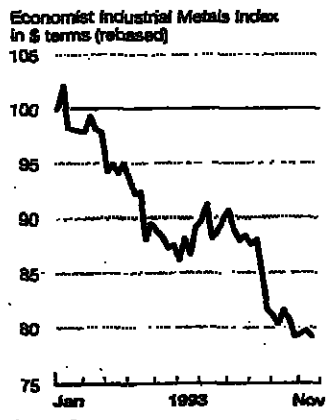
It easily outpaces the £280m raised this month by Limit (the London Insurance Market Trust), a Lloyd's corporate capital fund, and the £246m launch of the M&G Income in 1991.

Mr Baring said yesterday that in the pre-placing by merchant bank SG Warburg and broker Cazenove some 173 institutions decided to buy shares in MWMT, which set out to raise a minimum of £50m.

While some big investors bid for £20m blocks, "a lot of people have given me a little". He suggested that many institutions missed having two substantial UK mining groups to invest in.

They were left with only RTZ Corporation after the Hanson conglomerate gobbled up Consolidated Gold Fields in 1989.

Metal prices



Source: Datastream

According to Mr Baring, base metals prices are today in a similar position to the gold price a year ago – down in the dumps but ready to bounce back. Consequently, he says it is reasonable to assume that the new trust can make an 80 to 100 per cent return over the next five years.

A year ago Mr Baring toured many of the same institutions seeking money for his gold funds. "I failed miserably," he said. Subsequently, as he predicted, the gold price perked up and his £150m Mercury Gold and General Fund now shows a rise of 267 per cent since the launch five years ago. Mr Baring insisted that MWMT, Mercury Asset Management's first serious move into investment trusts, would not suffer from an embarrassment of riches. He said that about $1bn of international mining company shares were likely to be offered to investors in the next few months.

"We certainly won't throw our money about in the mining markets to everybody else's advantage," he promised.

Base metal prices may take *time to recover and he intends* that MWMT will initially be biased more towards gold than other commodities.

"Gold shares are likely to behave better earlier and base metals shares should behave better later," he says.

Another £120m ordinary shares with warrants in MWMT are being offered to private investors at 100p each. There will be one warrant for every five shares.

The minimum investment will be £1,000 and the annual management charge 1.25 per cent. The offer closes on December 8.

Bayer sees 20% reduction in profits to DM2.2bn

By Christopher Parkes in Leverkusen

Bayer, the leading German chemicals group, expects profits to fall by about 20 per cent this year to DM2.2bn ($1.3m) and remain unchanged in 1994, according to Mr Manfred Schneider, chairman.

However, the company appears likely to hold its dividend, unlike its main domestic competitors, Hoechst and BASF, Mr Schneider hinted yesterday.

Cost-cutting measures and strong growth in north America and Asia Pacific were slowing the profits decline as the year had advanced, Mr Schneider said in a review of the first nine months of the current year. The trend had continued into October, he added.

Restructuring and workforce cuts had generated savings of about DM750m so far this year.

European sales had slumped 11 per cent, but similar proportional increases in Asia Pacific and the US had limited the decline in turnover to just 2.3 per cent. Pre-tax earnings in the review period were 19 per cent lower at DM1.8bn.

Mr Schneider attributed Bayer's relatively good figures – Hoechst and BASF recently reported nine-month falls of 40 and 44 per cent respectively, and hinted at dividend cuts – to the group's successful healthcare business.

These operations lifted sales 5 per cent in the review period to DM7bn in spite of a DM100m fall in domestic turnover attributed to health service reforms. Sales of Ciprobay and Adalat, the top-selling drugs, are expected to total about DM4bn this year.

Signalling further expansion in healthcare, Mr Schneider said the group was close to a deal which would give it an entry into the US market for generic pharmaceuticals – drugs on which patents have expired, and which are increasingly favoured because of their lower cost. Bayer had looked at five or six US companies, including Copley, the subject of an offer from Hoechst.

FNAC plunges to FFr31.9m

By Alice Rawsthorn

Pressures on the French retail sector triggered a sharp fall in profits for FNAC, the dominant force in music and books retailing. In the year to August 31 net profits fell to FFr31.9m ($5.5m) from FFr159.5m in the previous year.

FNAC has in recent months been clouded by the controversy over the decision by GMF, its troubled parent company, to sell its controlling stake to a consortium composed of Altus Finance, part of the Crédit Lyonnais banking group, and Compagnie Immobilière Phénix, a property subsidiary of the Compagnie Générale des Eaux utility concern.

The uncertainty over its ownership, coupled with the strains of France's economic recession, took a toll on FNAC last year.

It faced the challenge of its first serious competitor in French cultural retailing due to the aggressive expansion in France of Virgin, the UK leisure company controlled Mr Richard Branson. FNAC mustered an overall increase in turnover of 8.3 per cent to FFr8.9bn from FFr8.2bn, but most of this growth came from new openings.

Sales at its existing stores rose by 0.3 per cent during the year.

The group increased operating profits by 14.3 per cent to FFr102.5m from FFr89.9m. But it was left with an exceptional debit of FFr77m having benefited from an exceptional credit of FFr107.8m in the previous year.

Further turbulence for shares in Euro Disney

By Alice Rawsthorn in Paris

Euro Disney, the troubled leisure group, yesterday had another turbulent session on the stock market when its shares fell sharply by 13 per cent during the morning only to bounce back in the afternoon to close 8 per cent higher at the end of the day.

The shares, which on Wednesday plunged by 18.6 per cent to a record low of FFr27.2, were suspended several times in Paris when they breached their trading barrier to fall to a new low of FFr23.7 by lunchtime.

However, the shares then rebounded to FFr31 before finally closing at FFr29.4.

Analysts said investors started to buy Euro Disney shares to cover their short positions on the stock. The volume of trading was even heavier than on Wednesday with 5.3m Euro Disney shares, or 3.16 per cent of its total equity, changing hands.

Until the afternoon rally Euro Disney's shares had fallen fairly steadily in the fortnight since the group disclosed an unexpectedly heavy net loss of FFr5.3bn ($898m) for the year ended September.

The stock market had been expecting a smaller net loss of about FFr2bn.

The impact of the loss announcement has been aggravated by concern about the prospects for Euro Disney's emergency financial restructuring.

Euro Disney has been forced to ask Walt Disney, the US entertainment group that owns 49 per cent of its shares, for financial support until it has completed the refinancing.

The Disney camp last week opened negotiations with the 60 international banks that own Euro Disney's FFr20.3bn net debt.

The recent pressure on Euro Disney's shares threatened to trap the company in a vicious cycle given that a lower share price would limit its capacity to raise capital in a rights issue.

UK insurance chief leaves bonus scheme

By John Gapper and Richard Lapper in London

Mr Peter Wood, the highest paid British company director, is to be given £24m ($35.8m) to abandon a pay bonus scheme, which brought him £18.2m this year and has proved an embarrassment to his employer Royal Bank of Scotland.

Mr Wood gained payments, totalling £42.2m, as chief executive of Direct Line, which has become the largest UK private motor insurer.

Lex, Page 18;
Details, Page 26

BPB shares lifted by 60% gain at midway

By Andrew Taylor, Construction Correspondent

Shares in BPB Industries, Europe's biggest plasterboard manufacturer, rose sharply yesterday after it announced a 60 per cent increase in pre-tax profits to £44m ($65.6m) for the six months to the end of September.

The rise follows the end of a European price war between BPB, Lafarge-Coppée of France and Knauf of Germany.

BPB's share price rose 4.5 per cent yesterday to 279p following the announcement of higher profits and a new round of price increases in the UK, France and Germany from the beginning of next year.

Mr Alan Turner, BPB's chairman, said prices in its three main markets had risen on average by about 25 per cent since the first quarter of last year.

Plasterboard prices were planned to rise by up to 10 per cent from next year. This will still leave them below levels in the late 1980s. The price war cost the industry up to £200m a year in lost revenue.

Lex, Page 18

Volvo sailing close to the wind

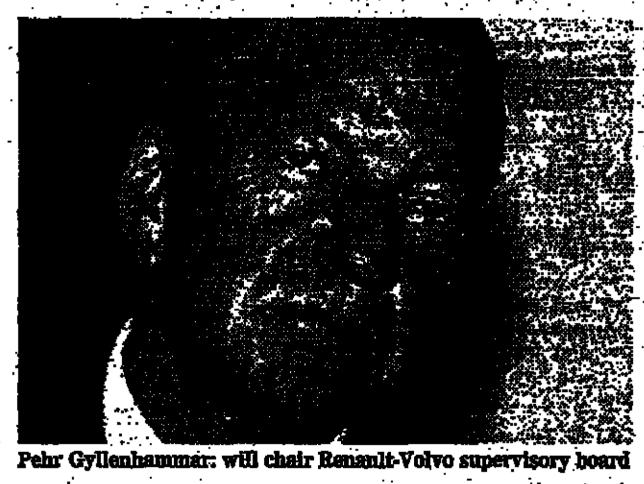
Hugh Carnegy looks at the twists and turns in the Renault merger deal

It took almost two tense months, but a dogged battle by Volvo to fend off what at times appeared to be an unstoppable tide of opinion against the proposed merger of its car and truck operations with France's Renault finally began to pay off yesterday.

The decision by two of its largest Swedish institutional shareholders to vote for the deal at a special shareholder's meeting on December 7 followed a period of non-stop behind-the-scenes lobbying. It included two long statements of further information for shareholders, intense negotiations with the French government and, finally, a trip by private jet to Paris on Wednesday for shareholder representatives to meet Renault chiefs and Mr Gerard Longuet, the French industry minister.

Even after a press conference on Monday, when Volvo played its trump card of new French promises on Renault's privatisation and a virtual exemption from a subsequent state golden share, the outlook remained at best uncertain.

On Wednesday, the Fifth Fund state pension fund said it would still vote against the deal. Directors of institutions continued privately to criticise the lack of detail they had been given on the valuation of the Renault and Volvo assets in the agreement. Yesterday, Svenska Dagbladet, the respected conservative daily newspaper which has been a leading critic of the merger, called again for it to be voted down.



Pehr Gyllenhammar: will chair Renault-Volvo supervisory board

Although the prospects for Volvo now look better, the company is well aware how close to the wind it has sailed – illustrated by the eight-six split in the benchmark decision to support the deal by the board of the Fourth Fund state pension fund, Volvo's biggest Swedish shareholder.

Mr Per Löjdquist, the head of investor relations at Volvo, acknowledged the narrow margin of opinion.

He said what was decisive was the assurances received from Mr Edouard Balladur, the French prime minister, on his intention to privatise Renault by the end of 1994 and the promise not to use a golden share to dilute Volvo's 35 per cent holding in the merged company.

"When we talked to the various stakeholders, privatisation and the golden share were the two dominating concerns – and we have answered them," he said.

However, even if Volvo now achieves the solid majority in favour of the merger that looked in grave jeopardy, the shareholder revolt will continue to have repercussions for the company.

Privately, institutional shareholders are determined to play a less passive role than in the past, when they have traditionally stood back while Mr Pehr Gyllenhammar, for 22 years the chief executive or chairman of Volvo, dominated the company, diversifying it beyond cars and trucks and ultimately building the controversial alliance with Renault.

He intends to remain as non-executive chairman in the Volvo parent company from January 1, while taking on the job of chairman of the so-called supervisory board of the new Renault-Volvo.

Many shareholders would like to see him hand over full control at Volvo to Mr Sören Gyll, the widely-respected chief executive. The Fourth Fund yesterday indicated that it wanted a bigger role for shareholders in nominating the Volvo board.

"I think it would be much better for Volvo if Sören Gyll took over. I don't like the idea of Gyllenhammar being chairman of both Volvo and the new company," said one senior shareholder yesterday.

Volvo officials acknowledged that the merger issue had caused much disquiet within the company, with the white collar unions and the civil engineers coming out strongly against the move under Renault's wing.

"If the shareholders vote yes, we can't just sit back. It will cause damage if we don't have the employees with us as well," Volvo said.

MIM swaps zinc smelter interest

By Nikki Tait in Sydney

MIM Holdings, the Australian metals group, and Germany's Metallgesellschaft, which holds a 14.9 per cent stake in MIM, are negotiating to swap interests in two loss-making German zinc smelters which they currently own on a joint basis.

Under the restructuring plan, MIM would acquire the 50 per cent interest which the German company holds in MHD "Berzelius" Duisburg. This would give the Australian group full ownership of the Duisburg operation, which also takes in Rhine-Zink, a downstream product-manufacturing operation. The capacity at the smelter is around 100,000 tonnes.

Conversely, Metallgesellschaft would acquire MIM's 50 per cent interest in Ruhr-Zink, also achieving outright ownership. Capacity there is around 170,000 tonnes.

As a further element in the package, the German group would buy from MIM a 25 per cent stake in Metallgesellschaft Ltd, the London-based brokerage, lifting its stake to around 86 per cent. MIM would continue to own about 9 per cent and have board representation.

In Brisbane, MIM said that there might be some additional cash adjustment when the restructuring deal was finalised, hopefully by the end of 1993, but declined to give details at this stage.

It said that both groups were unhappy at the losses being made at the smelters, and claimed that the deal "should improve the positions for both parties". The restructuring will mean that MIM acquires full ownership of a second European zinc smelter using the Imperial Smelting Process (ISP), in a matter of months.

Only a few weeks ago, the Australian company completed the purchase of the Avonmouth zinc smelter from Pasminco, where it has since announced redundancies in an effort to boost cost-efficiency.

Although there has been talk of reducing zinc smelter capacity in Europe, MIM made clear yesterday that it intends to operate both smelters.

French retailer considers TV home shopping

Pinault-Printemps, heavily indebted French retail group, may enter home shopping by launching a television shopping service through La Redoute, its mail order subsidiary, writes Alice Rawsthorn.

Home shopping, which has in recent years been one of the fastest growing areas of retailing in the US, is still in its infancy in Europe. Mr Pierre Blayau, executive chairman of Pinault-Printemps, yesterday announced that La Redoute, a leader in the French mail order catalogue market, has set up a team to assess the potential for the market in France.

Citic buys 30% stake in Swire Aviation

By Simon Holberton in Hong Kong

China's involvement in Hong Kong's aviation industry deepened yesterday with Citic Pacific's *HK$120m* (US$15m) acquisition of a 30 per cent stake in Swire Aviation.

Swire Aviation is a wholly-owned subsidiary of Swire Pacific and its main asset is a 30 per cent interest in Hong Kong Air Cargo Terminals (HACTL) – Hong Kong's air cargo monopoly based at Kai Tak airport.

Mr Peter Sutch, chairman of Swire Pacific, said the deal would strengthen the relationship between Swire and Citic Pacific.

Citic Pacific, which also owns 12.5 per cent of Cathay Pacific, is controlled by China International Trust and Investment Corporation – *an arm of* the Chinese central government. It has also partnered Swire Pacific in property development in Hong Kong.

The Chinese government has used Citic to build up substantial interests in the "commanding heights" of Hong Kong's economy. In addition to its shareholding in Cathay it owns 20 per cent of Hongkong Telecom.

It is the likely mainland Chinese candidate to invest in Hongkong Electric or China Light & Power, the colony's two electricity utilities – a move which is expected before Hong Kong reverts to Chinese sovereignty in 1997.

Bad loans cloud banks' contrition

Robert Thomson in Tokyo examines another set of miserable figures

Banking

When Japanese banks announced another set of miserable profits yesterday and took the unusual step of writing-off loan losses, the general intention was to convey the image of an *industry that has admitted its* weaknesses and is on the road to recovery.

That impression was given *by Sakura Bank, whose core* banking profits slipped 37.9 per cent during the first half. Sakura, aware that banks are blamed by the public for *pumping* up the financial bubble of the late 1980s, made clear its contrition.

"In the wake of the economic bubble, financial institutions have reconsidered their role in society and have reaffirmed their commitment to fulfilling higher expectations in regard to their social responsibilities and public duties," the bank humbly explained.

But the difficulty in regarding this as a sign that the banks have weathered the worst of the bubble's consequences is that the depth of their bad loans remains unclear. Officially, problem loans rose by 9.6 per cent during the half to September, but the official measure hardly tells the full story of the banks' exposure to a still-weak property market.

The failure earlier this month of Muramoto Construction, which had outstanding debts of as much as Y590bn ($5.51bn), indicated that the nasty surprises are not over. An executive at one Japanese financial company warned yesterday that the commercial property market is in distress, and that the country could face collapses of companies and confidence next year.

There is still no accurate guide to the exposure of bank affiliates, which were aggressive lenders during the bubble days. In addition, as the Muramoto case shows, banks are unsure of the exposure of some leading corporate clients, which may have guaranteed *loans themselves or used the* same piece of property collateral many times over.

INTERIM RESULTS 1993-94 (Ybn)	Business profit	Change (%)	Net profit	Change (%)	Non-performing loans to total loans (%)
DKB	123.7	8.0	16.2	-44.3	4.12
Sakura	100.0	-37.9	17.4	-37.7	4.05
Sumitomo	157.3	-10.6	30.3	-19.9	3.38
Fuji	158.9	11.9	25.8	-0.5	3.94
Mitsubishi	189.2	-14.8	26.8	-17.8	1.90
Sanwa	176.0	-11.4	39.9	-0.9	2.72
Tokai	86.7	-14.8	11.4	-15.3	4.30
Asahi	72.3	-6.3	10.1	-11.4	2.68
Daiwa	36.6	5.6	8.5	-14.7	3.06
Takugin*	17.1	-25.4	4.4	-27.3	5.39
Tokyo	89.5	-13.1	30.1	28.0	3.03

*Hokkaido Takushoku Bank. Source: Company reports

Apart from coping with the ills of the property market, Japan's banks face a harsher trading environment over the next year. The favourable spreads created by the fall in interest rates over the past two years have shrunk, as was shown by the general 10.6 per cent decline in core business profits announced yesterday.

Sumitomo Bank, whose business profits fell by the industry average, explained that its overall spread slipped from 0.39 per cent to 0.31 per cent during the six months from March. With the official discount rate at a record low of 1.75 per cent, there is little room for another interest rate cut over the next year.

Another problem for the banks is their old foe, the Tokyo stock market, which has faltered since the end of the first half in September, eroding the banks' unrealised gains on their vast equity holdings. To cover loan losses, the banks *have been selling stocks. Dai-Ichi* Kangyo, the largest Japanese commercial bank, for example, took profits of Y52.2bn during the period.

But the fall in stock prices means that the banks may face losses on some of their equity portfolios, which would need to be written off at the end of the year. Bank stocks have been weak recently, which is another bad sign, as the selling of bank stocks heralded a sharp fall in the market last year.

Bond markets have been more sympathetic to the banks. The expectation of lower interest rates pushed bond prices higher, enabling the banks to report large dealing profits. Sumitomo reported profits of Y9.6bn from bond dealing, and Fuji Bank Y7.3bn.

The difficult conditions have prompted the industry generally to reduce its exposure to international markets. Revenue from international business fell by an average 14.4 per cent, which was partly explained by the yen's appreciation, *but there were falls of 42* per cent at Sakura and 27 per cent at Hokkaido Takushoku Bank.

Doubts also remain over the banks' willingness to lend to companies other than their core corporate clients. The Bank of Japan, which has encouraged the write-offs of bad loans, has warned against the banks becoming too risk-averse, slowing the flow of loans needed to fuel economic recovery.

But the banks remain committed to the domestic property market. *Loans* to the property industry at many of the leading 11 banks were steady or rose during the period. *Mitsubishi Bank said there are* still "opportunities in the property market" which are not risky and a part of normal banking business.

The banks have also been unable to cut their general and administration expenses deeply enough to lift their profits. These expenses rose at some banks, even though the same institutions claimed to be in the middle of a cost-cutting drive. This suggests that branch closures and staff reductions will be needed over the next couple of years.

Japanese telecoms group posts small rise

By Emiko Terazono in Tokyo

DDI, one of Japan's new long-distance telecommunications companies which are competing for market share against Nippon Telegraph and Telephone, saw a sharp rise in interim sales due to an jump in subscribers during the first six months to September.

Non-consolidated sales rose 19.5 per cent to Y132.6bn ($1.22bn) while operating prof*its increased 7 per cent to* Y18.7bn. However, the company, which went public in September, posted a marginal rise of 1.6 per cent in pre-tax profits to Y13.4bn due to listing costs.

Revenues from telephone calls rose 13.7 per cent to Y100.2bn, while revenue from specialised services rose 15.4 per cent to Y2.4bn. Income from other related businesses rose 44.4 per cent to Y29.9bn.

New subscription contracts totalled 2.2m during the first half, pushing outstanding con*tracts up 25 per cent to 11m.* Costs in issuing new shares ahead of its listing totalled Y1.9bn.

For the full year to March, DDI expects the price war against NTT to take its toll on earnings. The company cut its rates earlier this month following a similar move by NTT in October.

DDI forecasts its first fall in annual pre-tax profits since the company was established in 1984, due to an 18 per cent fall in revenue from telephone calls.

State Bank of NSW to be sold off next month

By Nikki Tait in Sydney

The State Bank of New South Wales, Australia's largest regional bank, is to be put up for sale next month.

The state government announced yesterday that it would invite tenders for the bank in December and introduce legislation into parliament shortly enabling the sale to go ahead.

*Forecasts for the sale pro*ceeds vary widely. A NSW treasury estimate puts the figure at between A$400m and A$700m (US$266m-US$465m), but at the upper end some analysts suggest that a figure of A$900m to A$1bn would not be unrealistic.

The NSW government said it was aiming for a trade sale, but specifically excluded the four big Australian banks from the bidding. "The sale will be limited to regional Australian banks, Australian non-bank financial institutions with the *financial strength to make the* acquisition, and foreign banks with an identified strategic interest in Australia," said Mr John Fahey, state premier.

The "preferred" terms of sale include provisions that the existing staffing and branch structure is retained; that the bank's headquarters remain in Sydney; and that the bank remains "a viable independent entity".

News of the auction comes less than a week after SBNSW announced a A$74.6m net loss for the 12 months to the end of September, down from a profit of A$25.4m in the previous year.

The 1992-93 figure, however, came after a A$96m abnormal charge, and the bank was keen to stress that a pre-tax operating loss in the first half turned into a profit in the second six months. Charges for bad and doubtful debts fell to A$140.4m from A$152.4m, and Mr John O'Neill, managing director, *claimed that "the worst is* behind us in terms of problem loans".

Like most state governments, New South Wales has been seeking to reduce its budget deficit and contain debt, but maintain expenditure on health and community services. Capital spending has been reined back, and the privatisation proceeds should ease financial pressures.

"The people of New South Wales do not benefit from owning a bank, as much as they would by re-investing the same *money in core services of gov*ernment," argued Mr Peter Collins, state treasurer.

However, Mr Bob Carr, the NSW opposition leader, accused the government of holding a firesale and said that the bank – which he claimed could be worth as much as A$1.5bn – was being sold at "precisely the wrong time".

A number of potential bidders, including Advance Bank, St George Bank and GIO Australia, have made clear that they will at least review the sale terms.

Israeli bank offering postponed until January

By Julian Ozanne in Jerusalem

Israel yesterday said it would delay a public offering of 10 per cent of the shares in Bank Leumi, the country's second largest bank, *after the flop ear*lier this week of a 10 per cent offering in Bank Hapoalim.

The finance ministry said *the offering*, which was scheduled for next Monday, would be postponed until January but that the government was determined to press ahead with the sale of leading banks.

The move followed the failure *of this week's sale of a 10* per cent tranche of Bank Hapoalim, which was massively undersubscribed after investors *criticised the govern*ment for abolishing the maximum price on share issues, leaving out underwriters and *not attaching options or* warrants.

The government also said that only 53 per cent of the Hapoalim shares had been sold, not 69 per cent as originally reported. The correction *was made after it was revealed* that a Shk900,000 ($306,000) order for shares by General Bank had mistakenly been *written down at Shk90m. The* issue raised Shk314m, not Shk403m as originally announced.

The government's decision to postpone the offer was also taken after Bank Leumi shares, which were sold earlier this year, fell on the Tel Aviv Stock Exchange to one point lower than the minimum price *of the government's offer.*

Mr Aharon Foegel, director-general of the finance ministry, said the government was *determined to learn the lessons* and press ahead with its bank privatisations. He said the market had shown that it wanted *shares to be sold in a different* manner with prior sale to institutional investors and attaching options or warrants.

Fletcher Challenge creates forest unit shares

By Terry Hall in Wellington

*Fletcher Challenge share*holders yesterday approved a proposal to create a separate class of forestry division *shares for investors who may* wish to focus their investments on the company's solid wood plantation activities in New *Zealand and Chile.*

The approval means that the existing holdings of ordinary shares in Fletcher Challenge will be split. For each four ordinary shares held on December 10, shareholders will *receive four new Fletcher Chal*lenge ordinary division shares and one forestry division share. In effect, the forestry *share is being regarded as a* bonus.

Mr Hugh Fletcher, chief executive, told an extraordi*nary general meeting in* Auckland that the the new forestry shares would provide flexibility for those interested in a pure forestry investment, and had the potential to attract new investors who might not *have the same interest in a* Fletcher Challenge ordinary share.

Under the new structure the *ordinary shares will encom*pass the operations of the group's pulp and paper, energy and building divisions.

In a separate development, Fletcher Challenge yesterday issued a prospectus for the sale of its New Zealand based shopping centres, to be known as the St Luke's Group. These centres are being sold as part *of the company's drive to retire* debt.

The St Luke's flotation will be the second biggest ever, in *New Zealand after the Telecom* issue in 1990.

The offer is for NZ$345.6m (US$190m) in ordinary shares and notes, of which 12 per cent, or NZ$42m, will be made available to New Zealand investors.

Hollywood stars in race for small-screen exposure

Martin Dickson examines plans by Paramount and Warner Brothers to establish television networks

Two of Hollywood's largest film studios – Paramount Pictures and Warner Brothers – are racing to establish new US television broadcasting networks. And about the only thing they agree on is that there is only room for one of them to succeed.

Both companies have recently announced plans to launch a fifth broadcasting network. It would compete against the three long-established networks – CBS, NBC, and ABC – and the upstart Fox Broadcasting, launched in 1986 by Mr Rupert Murdoch's News Corporation.

Paramount, which is in a *joint venture with Chris-Craft* industries, owner of six independent television stations, intends to launch its service in January 1995. Warner, which has teamed up with Tribune Broadcasting, owner of seven stations, aims to have its service running by next autumn.

While details of the Paramount and Warner plans differ considerably, both are essentially trying to emulate Fox.

Fox has built up its network by winning over local independent broadcasting stations around the country, and by gradually increasing the amount of original programmes it broadcasts.

Its original output still falls *well short of the Big Three*, and is concentrated substantially in the 8pm-10pm prime time slot and in children's programming. However, its 140 affiliated stations reach around 95 per cent of American television households.

To attract the national advertising necessary to make a new network financially viable, Paramount and Warner have to sign up affiliates who can put their programmes into at least 80 per cent of homes.

Both companies agree the 280 broadcast stations which remain independent – and which they are targeting – are sufficient only for one more network, and even that will require some cable partners, or tie-ups with affiliates of existing networks.

"There's no room for two more networks," says Mr Robert Daly, chairman of Warner Brothers. He has appointed Mr Jamie Kellner, who played a key role in the birth of the Fox *network, to do the same for his* company.

"The battle will be won or lost in terms of who signs the bulk of the non-affiliated independents, and that's where all the arm-twisting, and salesmanship and persuasion is going on," says Mr Kerry McCluggage, chairman of Paramount's television group.

But is there even room for a fifth network? After all, the Big Three, which used to account for over 90 per cent of US television viewing, have seen their share drop to around 60 per cent with the expansion of cable television.

Do viewers want yet more general broadcasting, rather than the narrowly-focused programmes offered by cable? Paramount and Warner Brothers note that the networks actually gained viewers at the expense of cable this autumn for the first time in years, suggesting that market share may be stabilising.

They also point out that some 40 per cent of US population is not wired for cable, nor likely to be in the near future; and that part of the Big Three's loss of market share has been to Fox and other independent broadcasting stations as they improved the quality of their programmes.

The independents have been bolstering their traditional fare of local sports, news and old movies with so-called first-run syndication shows – series produced by Hollywood specially for this market.

The trend was pioneered by Paramount, which launched an *offshoot of its long-running*, but still extremely popular, Star Trek science fiction series into first-run syndication in the late 1980s. The move to a fifth network is logical progression from first-run syndication, but it has also been spurred by a big change in the structure of the television production industry.

For the past two decades, anti-trust regulations have restricted the Big Three networks' ability to own and produce the prime-time entertainment they broadcast, and to benefit from later syndication of these shows, most of which are are made by Hollywood.

However, a court ruling this *month sounded the death knell* for this restriction, and the Big Three are preparing to increase their output of shows, forcing Hollywood to look for additional outlets.

Paramount and Warner plan to start their networks with just two hours of original programming two nights a week. Paramount will feature a new Star Trek series.

Warner has not given any programme details, but strengths include its expertise in children's cartoons and the talents of producers like Steven Spielberg.

Although Warner initially announced plans for a much *fuller, faster* roll-out of its network than Paramount, it has had to slow down. Potential affiliates baulked at having to *share advertising revenues* from the lucrative 5pm-6pm and noon-2pm time periods with the national network.

Warner has also faced resistance over the financing of its network. The company, which owns no broadcasting stations, has had to reduce the size of the up-front "guarantee" it wants affiliates to pay it to help fund the roll-out. It also wants a share of any increase in affiliates' profits.

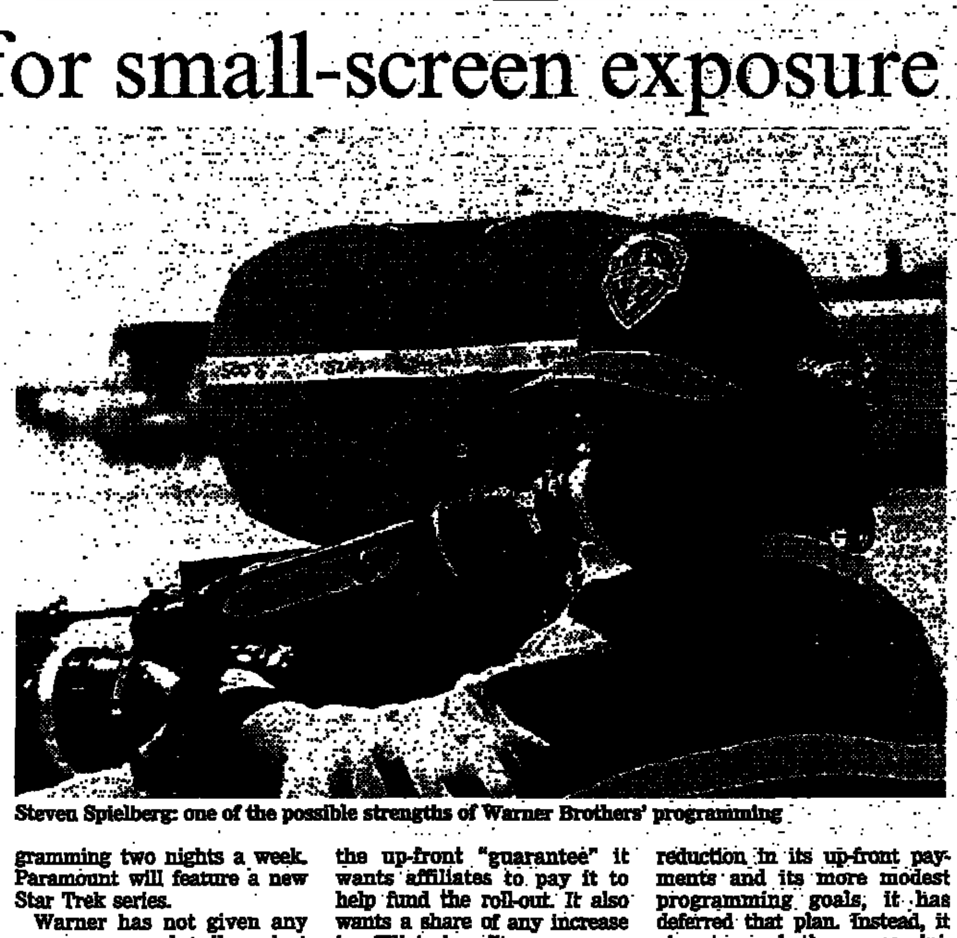
Paramount, which owns four independent stations, is not asking affiliates for cash, and maintains it can make its network viable with money from national advertising and from its local stations, whose value should be increased by network affilia*tion*.

Warner initially planned to establish quickly a related cable television network to carry its channel into so-called "white areas" of the nation, where there is no unaffiliated independent station.

However because of the reduction in its up-front payments and its more modest programming goals, it has deferred that plan. Instead, it aims to reach these areas initially through ad hoc syndication deals with affiliates of the four existing broadcast networks – roughly the same approach being pursued by Paramount.

Warner claims to have signed up affiliates representing some 42 per cent of US households, while Paramount *is on 33 per cent.*

The battle has a long way to go, and could be complicated by the outcome of the $10bn takeover battle for the Paramount studio's parent, Paramount Communications, whose new owners might have different priorities.



Steven Spielberg: one of the possible strengths of Warner Brothers' programming

Mexico sets agenda for foreign bank licences

By Damian Fraser in Mexico City

Mexico is set to open up its financial system to foreign competition early next year. The finance ministry plans to give licences to as many as 25 US and Canadian banks.

The opening is prescribed by the North American Free Trade Agreement (Nafta), which will eliminate restrictions on foreign investment in Mexico's banking, brokerage and insurance sector. Excluding Citibank, which manages a branch under a special agreement, the banks will be the *first foreign financial* houses to operate subsidiaries in Mexico.

JP Morgan, Chemical Bank, Bankers Trust, Citibank, Chase Manhattan, and American Express from the US, and Bank of Montreal, the Royal Bank of Canada, the Bank of Nova Scotia from Canada, are among those said to be interested in a licence to open a subsidiary. US and Canadian subsidiaries of non-American banks are also permitted to seek licences.

The free trade agreement allows US- and Canadian-incorporated banks initially to take up to 8 per cent of the banking market as measured *by capital, or about $830m.* The limit is increased until all significant restrictions are scrapped by the year 2000. Each individual foreign bank would be initially restricted to 1.5 per cent of the market, or about $150m of capital.

Mr Alvaro Vazquez, managing director of corporate finance at JP Morgan, said his bank would make "a significant commitment in terms of capital and people" to Mexico if granted a licence. JP Morgan, like scores of other banks, has a representative office in Mexico.

JP Morgan says authorisation will enable them to participate in the peso foreign exchange markets, and to borrow and lend money in pesos.

Mr Stefano Natello, an analyst with CS First Boston, doubts the new banks will enter the retail market, because of the high costs of setting up a branch network. Instead, they will concentrate on the corporate sector.

Write-offs hurt Canadian bank

By Bernard Simon in Toronto

Write-offs stemming from the acquisition of a trust company and a discount brokerage firm helped push Toronto-Dominion Bank's fiscal 1993 earnings down by almost a third.

Earnings at Canada's fifth-biggest bank dropped to C$275m (US$206.9m), or 82 cents a share, in the year to October 31, from C$408m, or C$1.25, a year earlier. The return on equity slipped to 5.4 per cent from 8.4 per cent.

The latest year's earnings would have been C$393m, or C$1.21, without restructuring costs stemming from the purchase of Central Guaranty Trust and a fourth-quarter write-off of the purchase price for the Marathon brokerage business.

Loan-loss provisions rose to C$600m from C$543m. Non-performing loans fell to C$1.22bn on October 31, from C$1.59bn a year earlier.

The bank predicted that loan losses would decline and earnings improve in 1994, provided the economic recovery in North America was sustained.

Fourth-quarter earnings fell to C$82m from C$113m, due to the Marathon write-off. Net interest income in the quarter rose, however, to C$601m from C$529m. Fee income, mainly from securities, credit cards, safekeeping and trust services, grew by 18 per cent.

Assets stood at C$85bn on October 31, up from C$74.1bn.

● National Bank of Canada's 1993 earnings rose to C$175m, or C$1.01 a share, from C$1m, or a loss of 29 cents per common share, last year.

Oil group expands in Argentina

By John Barham in Buenos Aires

Royal Dutch/Shell Group, the Anglo-Dutch oil group, is to invest more than $1bn in Argentina in the next four years. It wants to upgrade and expand its retail and refinery businesses and increase oil exploration and production.

The investments, to begin in 1994, will modernise its ageing refineries, raising capacity and improving environmental controls to meet more stringent regulations. The company's retail network will also be expanded and upgraded.

Royal Dutch made the announcement in the Netherlands this week during a state visit by Argentina's President Carlos Menem.

It said: "The idea is to have an integrated company in five years." Royal Dutch has traditionally concentrated on the refining and retail sectors of the oil industry in Argentina, rather than production.

It said that political stability, pro-business government policies and economic growth had substantially increased Argentina's attractiveness.

The new investment programme comes at a time of increasing competition in the once tightly-controlled oil industry.

In 1991, the government deregulated the industry. In June it partially privatised YPF, the national oil company. YPF, now 45 per cent-controlled by private investors, is Argentina's only fully-integrated company and controls half the domestic oil industry.

Brazilian private sector steps up Eurobond issues

Patrick McCurry finds increasing international acceptance of paper issued from the country

Brazilian private-sector companies are increasingly looking to the Eurobond market to raise money for capital investment, taking advantage of the growing international acceptance of Brazilian paper.

Eurobond issues are also becoming more diverse. For example, Minas Gerais, part of the country's industrialised south-east region, is preparing Brazil's first Eurobond issue by a state, which will be sold with an equity warrant allowing investors to buy shares in its electricity company.

The corporate sector will issue around $1bn in the second half of 1993, more than double the first-half figure and total Eurobond issues are expected to be more than $5.5bn this year. Private companies will account for about 30 per cent of the market volume in the second half of this year, twice the share for last year.

Private companies are finding it easier because investors are becoming increasingly used to Brazilian paper through bonds issued by the banks and large government-controlled companies. This followed a virtual stagnation in the second half of 1992, caused by corruption allegations against former President Fernando Collor.

A higher proportion of the money is being spent on capital investment, although companies are still putting part of the funds into the high-yielding local money markets. "We're seeing more corporate issues, rather than issues by banks, and a lot of the money is going on plant and equipment," says Mr Charles Spragins, corporate affairs director at Citibank Brasil.

Despite inflation of nearly 2,000 per cent a year and an economy lacking the structural reforms carried out in Mexico, Chile and Argentina, many Brazilian companies are planning investments after restructuring and reducing costs, particularly in the capital intensive steel and pulp industries.

Investors are willing to take on the "Brazil risk", thanks to the country's $27bn international reserves which make central bank restrictions on repayments highly unlikely.

Ironically, Brazil's economic problems have been the key to attracting investors because companies have to pay some of the world's highest interest rate spreads. Although spreads have fallen some 200 basis points this year, as Brazilian paper has become more acceptable, they are still about 100 points above Argentina and 200 points above Mexico.

Yet even at these rates it is still attractive for companies to issue Eurobonds. For a five-year bond, issuers are paying 400-500 basis points above US Treasury notes, of about 5 per cent, compared to inflation plus 16-18 percentage points in the domestic bond market.

Issuers have raised more than $5bn this year and there are still several hundred million dollars of Brazilian issues planned by Christmas. But with an uncertain world bond market, mainly due to higher US interest rates, some companies will have to pay higher spreads, says Mr Vincent Parkin, Brazilian representative for CS First Boston. He adds, however, that after a hiatus there could be a large number of issues in the new year.

Bankers expect more equity-linked issues from companies and institutions like the National Development Bank, which has stock in more than a hundred Brazilian companies.

The Minas Gerais bond with warrant issue, to be lead managed by French-owned Banque Indosuez, is expected by the end of this year or early next year and will be for up to $200m. To pay a lower spread, the state will offer investors the option to buy shares in its electricity company Cemig at a predetermined price.

This follows Brazil's first equity warrant issue in August when Bombril, a household cleaning products manufacturer, placed $150m of paper.

Among private-sector companies going to the Euromarkets for investment funds is Metalúrgica Gerdau, a family-owned steel company, which raised $100m in early November. The eight-year bond, with two put options at three and five years, paid a spread above the relevant US Treasury note, of 450-500 basis points. It was lead managed by Citibank.

Suzano de Papel e Celulose, a pulp company with interests in the petrochemical sector, raised $80m in October, paying a spread of 522 basis points.

Bankers say the bond market may be influenced by next year's presidential elections. They also stress the importance of progress on the Brady Plan foreign debt agreement.

"The Brady Plan could be the stepping stone needed for institutions to enter the corporate market in a big way, like they did with Mexico a couple of years ago," says Mr Parkin.

Ontario returns with DM1.5bn offering

By Antonia Sharpe

The Province of Ontario lost no time in returning to the Eurobond market yesterday, now that the uncertainty surrounding its rating had been lifted.

INTERNATIONAL BONDS

On Wednesday, Standard & Poor's cut the long-term debt ratings of the province of Ontario and Ontario Hydro to double-A minus from double-A.

Ontario, which had been absent from the Eurobond market since early September, raised DM1.5bn through an issue of 10-year Eurobonds, its first offering in the D-Mark sector for nine years.

Canadian issuers can tap the D-Mark sector now that international sanctions against South Africa have been lifted. They had shunned the sector while the sanctions were in force because of the German banks' links with South Africa.

The timing of the issue sent a strong signal to the market that Ontario had put the downgrading behind it and would now proceed with its heavy borrowing programme.

"The downgrading has unfortunately happened and we will now drive on," said Mr Ronald Otsuki, Ontario's director of capital markets. He added that he was encouraged by Moody's decision to hold Ontario's rating at Aa2.

Prior to yesterday's deal, Ontario said it expected to borrow an additional C$2.6bn through public issues in the current fiscal year, ending March 31 1994. This would bring total fiscal 1994 borrowings to C$11.7bn.

Yesterday's offering, the proceeds of which are likely to be swapped back into Canadian dollars, reduces the additional borrowing to C$1.4bn. Mr Otsuki said that if the opportunity arose, Ontario would seek to pre-fund next year's borrowing programme, of C$9bn-C$10bn.

He added that he had chosen the D-Mark sector because it offered the lowest-cost funds of all global markets and that the opportunity and demand was there.

The bonds will be priced today to yield 47-49 basis points over underlying German government bonds. Syndicate managers said the pricing was fair but added that had Ontario not been downgraded, the yield spread on the bonds would have been seven basis points tighter.

Elsewhere, activity was slow due to the Thanksgiving holiday in the US. Honda Motor, a well-known name in the Euroyen sector, raised Y50bn through an issue of Eurobonds due 2001, via Nikko.

Today, Sumitomo Realty and Development plans to raise a total of Y80bn through three Eurobond offerings.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
China Overseas Land §(a)	125	4½-5¼	100	Dec.2000	2.50	-	Nomura Intl.
D-MARKS							
Province of Ontario(c)	1.5bn	(c)	(c)	Jan.2004	(c)	(c)	CSFB Effect/Deutsche Bk.
YEN							
Honda Motor Co.	50bn	2.80	100.32R	Mar.2001	0.325R	-	Nikko Europe
Salomon Inc.‡	30bn	(b)	100R	Mar.1998	0.25R	-	Salomon Intl.
SWISS FRANCS							
GECC	150	4.125	102.75	Dec.2003	-	-	SBC

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Borrower's full name China Overseas Land & Investment Cayman Ltd. Greenshoe option up to $25m. Callable from 8/12/95 at par. Conversion period is from 31/1/94 until 1/12/2000. Fixing on 29/11/93. b) Coupon pays 3 month Libor + 50bp. c) To be priced today. Launch spread 47-49 (6⅝-2003).

Firmer tone in European prices

By Conner Middelmann

Amid thin volume with US markets closed for Thanksgiving, European bonds firmed on fresh easing hopes after reports that the Bundesbank's vice-president said conditions in Germany may offer room for further declines in interest rates.

Mr Johann Wilhelm Gaddum was reported to have made the comments after delivering a prepared speech in Paris. Early news reports of that speech caused market confusion after a news agency incorrectly reported Mr Gaddum as saying that German money market rates would fall to 4 per cent. It later corrected the story, stating the error stemmed from incorrect simultaneous translation of the speech.

The December bund contract blipped higher after the erroneous report and shed few of the gains when it was rectified. It finished at 99.78, up 0.21 point from Wednesday's close.

Meanwhile, more regional German inflation data indicated that German inflation is continuing its steady decline.

GOVERNMENT BONDS

According to Mr Armin Kayser, economist at Swiss Bank Corp in Frankfurt, the November data indicate a seasonally adjusted month-on-month rise of 0.2 per cent and a year-on-year rate of 3.7 per cent.

"This is the fourth consecutive month of declining inflation, and the data indicate we won't have to revise our optimistic inflation outlook," he said.

French bonds outperformed their German counterparts after the Bank of France's weekly statement indicated that net currency reserves had risen by FFr31.6bn in the week to November 18. That put reserves FFr8.2bn in the black, the first positive balance since the summer currency crisis which depleted the country's foreign currency reserves.

In recent months the central bank has resisted cutting interest rates to protect the franc while rebuilding its reserves. But "now that they are long reserves, I feel the chances of a small near-term repo rate cut have increased," said a French bond trader. The French central bank's next open-market operation is on Monday.

The French 10-year yield gap over German bunds narrowed to 14 basis points from around 20 basis points on Wednesday, and traders see it shrinking back to near-parity if France does ease rates independently of Germany.

UK gilts were buoyed by firmer German and French bonds, with the long gilt contract ending some ⅜ point higher at 115 9/32.

Prices were further supported by the drop in oil prices caused by Wednesday's Opec decision not to cut production, which was seen to improve the already positive inflation outlook and prompted buying of longer maturities, traders reported.

Spanish bonds rose only slightly and the currency was dogged by nervousness ahead of today's third-quarter jobless data and the spectre of a general strike. The long bond contract on MEFF ended 0.15 point higher at 102.44.

Italian bonds fared slightly better, lifted by strong markets elsewhere and hopes that the 1994 budget will be passed. The BTP future on LIFFE ended at 112.76, up 0.24 point.

EIB loans of Ecu516m for Portugal

By Peter Wise in Lisbon

Portugal yesterday signed agreements with the European Investment Bank for eight loans totalling Ecu516m for transport, telecommunication and energy projects.

The new loans raise EIB lending to Portugal this year to a total of Ecu1.5bn, up 20 per cent on lending in 1992.

The loans represent 2.5 per cent of Portugal's gross domestic product.

Portugal thus displaces Denmark as the biggest per capita beneficiary of EIB loans, receiving 9.5 per cent of the total EIB loan budget. The EIB plans to issue up to a further Es35bn in escudo-denominated Navigator Bonds this year to add to a previous three issues also totalling Es35bn.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.0800	-0.040	6.80	6.59	6.46
Belgium		9.000	03/03	114.2000	+0.290	6.88	6.80	7.11
Canada *		7.500	12/03	0.0000	-	0.00	6.78	6.81
Denmark		8.000	05/03	110.7500	+0.080	6.44	5.83	6.40
France	BTAN	8.500	05/98	109.1200	+0.040	5.38	6.08	6.11
	OAT	6.750	10/03	105.4300	+0.450	6.06	5.94	5.99
Germany		6.000	09/03	100.8100	-0.010	5.89	5.81	5.89
Italy		9.000	10/03	98.6200	+0.480	9.21†	9.15	9.22
Japan	No 119	4.800	06/99	108.9540	+0.050	2.93	3.00	3.01
	No 157-4	4.600	03/03	107.3410	-0.150	3.57	3.56	3.68
Netherlands		6.500	04/03	104.6500	+0.070	5.84	5.75	5.80
Spain		10.500	10/03	112.4000	+0.200	8.59	8.48	8.47
UK Gilts		9.750	01/98	113-01	+4/32	6.10	6.12	6.20
		8.000	06/03	109-03	+9/32	6.69	6.67	6.82
		9.000	10/08	118-04	+10/32	7.02	7.02	7.17
US Treasury *		5.750	08/03	-	-	0.00	5.67	5.42
		6.250	08/23	-	-	0.00	6.22	5.98
ECU (French Govt)		8.000	04/03	111.4000	+0.700	6.34	6.26	6.41

London closing. *U.S. Market Holiday. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	123.52	123.94	+0.22	124.02	123.44	18,088	156,676
Mar	127.30	127.70	+0.18	127.78	127.24	5	43,812
Jun	126.76	127.12	+0.14	127.18	126.76	-	2,638

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
123	0.94	-	-	-	0.10	-
124	-	-	-	0.06	0.19	-
125	-	-	-	1.06	0.31	-
126	-	-	-	-	0.53	-
127	-	1.51	-	-	0.86	-
128	-	1.05	-	-	1.29	-

Est. vol. total, Calls 19,697 Puts 13,255. Previous day's open int., Calls 323,030 Puts 282,627.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.62	99.69	0.12	99.79	99.39	67315	124451
Mar	99.62	99.80	0.12	99.86	99.51	3111	30049
Jun	99.58	99.71	0.12	99.62	99.58	21	710

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
9950	0.96	1.24	0.66	1.03
10000	0.71	1.00	0.91	1.29
10050	0.51	0.80	1.21	1.59

Est. vol. total, Calls 2179 Puts 1222. Previous day's open int., Calls 111384 Puts 46578

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	102.85	102.92	0.02	102.96	102.77	1492	21900
Mar	-	103.05	0.02	-	-	0	12

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	112.30	112.81	0.44	113.09	112.05	38718	78239
Mar	112.30	113.03	0.48	113.22	112.30	9864	29713
Jun	-	113.03	0.48	-	-	0	1

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11300	2.17	3.16	2.14	3.13
11350	1.93	2.92	2.40	3.39
11400	1.71	2.69	2.66	3.66

Est. vol. total, Calls 1161 Puts 1080. Previous day's open int., Calls 18508 Puts 17829

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	102.15	102.44	+0.15	102.49	101.93	25,122	84,137
Mar	102.28	102.56	+0.13	102.60	102.18	1,862	11,089
Jun	-	104.00	-	-	-	-	50

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	115-05	115-18	0-09	115-22	115-05	29639	67054
Mar	114-17	114-28	0-09	114-30	114-17	5414	61212
Jun	-	114-06	0-09	-	-	0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
114	2-13	2-40	1-21	2-26
115	1-42	2-09	1-50	2-61
116	1-14	1-47	2-22	3-35

Est. vol. total, Calls 6139 Puts 813. Previous day's open int., Calls 33579 Puts 11968

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	119.58	119.98	+0.16	119.98	119.50	242	11,173
March	119.30	119.48	+0.16	119.42	119.30	-	2,123

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100% Nov 24

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	115-18	115-11	-0-12	116-00	115-09	374,423	247,885
Mar	114-11	114-02	-0-12	114-22	114-00	24,357	73,792
Jun	112-31	112-31	-0-12	113-19	112-29	222	8,512
Sep	-	112-00	-0-12	112-19	112-01	823	12,393

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	115.37	-	-	115.39	115.35	37	0
Mar	114.59	-	-	114.64	114.52	1479	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Nov 25	Day's change %	Wed Nov 24	Accrued interest	xd adj. ytd		Low coupon yield Nov 25	Nov 24	Yr. ago	Medium coupon yield Nov 25	Nov 24	Yr. ago	High coupon yield Nov 25	Nov 24	Yr. ago
1 Up to 5 years (25)	129.47	+0.01	129.46	2.18	10.03	5 yrs	6.03	6.02	7.14	6.26	6.26	7.51	6.40	6.39	7.74
2 5-15 years (21)	158.10	+0.11	157.93	2.39	11.56	15 yrs	6.90	6.92	8.27	7.01	7.04	8.74	7.20	7.22	9.02
3 Over 15 years (9)	180.79	+0.25	180.35	3.16	10.04	20 yrs	7.01	7.02	8.53	7.06	7.08	8.91	7.21	7.24	9.10
4 Irredeemables (6)	210.75	+0.22	210.28	1.02	13.47	Irred.†	7.12	7.13	8.89						
5 All stocks (61)	153.55	+0.10	153.39	2.46	10.93										

Index-linked							Inflation 5% Nov 25	Nov 24	Yr. ago	Inflation 10% Nov 25	Nov 24	Yr. ago
6 Up to 5 years (2)	190.68	+0.02	190.64	0.74	4.28	Up to 5 yrs	2.16	2.16	2.44	1.30	1.30	1.62
7 Over 5 years (11)	186.85	+0.12	186.63	1.16	4.29	Over 5 yrs	3.13	3.14	3.82	2.95	2.96	3.63
8 All stocks (13)	186.33	+0.11	186.13	1.11	4.27							

Debentures and Loans						5 year yield Nov 25	Nov 24	Yr. ago	15 year yield Nov 25	Nov 24	Yr. ago	25 year yield Nov 25	Nov 24	Yr. ago
9 Debs & Loans (65)	145.17	+0.18	144.91	2.21	10.14	7.58	7.60	8.89	7.99	8.01	9.94	8.15	8.17	10.11

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Nov 25	Nov 24	Nov 23	Nov 22	Nov 19	Yr ago	High*	Low*
Govt. Secs. (UK)	103.64	103.49	103.43	103.45	103.69	93.75	103.84	93.28
Fixed Interest	124.06	123.88	123.80	124.05	124.18	108.68	125.20	108.67

Basis 100: Government Securities 15/10/26 and Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY INDICES

	Nov 24	Nov 23	Nov 22	Nov 19	Nov 18
Gilt Edged bargains	96.6	104.1	101.7	97.0	157.5
5-day average	111.4	118.7	119.6	129.1	129.0

SE activity indices rebased 1974.

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	1993 High	1993 Low
"Shorts" (Lives up to Five Years)							
Treas 8½pc 1994		8.45	5.17	100 5/16	—	102 13/16	100 5/16
14½pc 1994‡‡		14.15	5.18	102 7/16	—	109¼	102 5/16
Exch 13½pc 1994		13.06	5.18	103 7/16	—	109 3/16	103 7/16
Treas. 10pc Ln. 1994‡‡		9.75	5.12	102 9/16xd	—	105 13/16	102 5/16
Exch 12½pc 1994		11.68	5.12	105¼	—	110 3/16	105¼
Treas 9pc 1994‡‡		8.69	5.11	103⅝	—	105 13/16	103 11/16
12pc 1995		11.17	5.19	107 13/16	—	111 13/16	107 13/16
Exch 3pc Gas 90-95		3.08	4.83	97⅜	—	97¾	94
10¼pc 1995		9.52	5.29	107 13/16	—	109⅞	107 5/16
Treas 12¾pc 1995‡‡		11.22	5.35	113⅝	—	118⅞	113½
14pc 1996		11.96	5.46	117 1/16	—	120⅝	116 13/16
15¼pc 1996‡‡		12.52	5.53	121 13/16	—	125⅞	121⅝
Exch 13¼pc 1996‡‡		11.27	5.56	117 13/16	—	120 1/16	109⅞
Conversion 10pc 1996		8.99	5.69	111 3/16	—	112 3/16	109⅝
Treas 13¼pc 1997‡‡		10.96	5.84	120 13/16	—	122 3/16	118½
Exch 10½pc 1997		9.25	5.94	113 9/16	—	114 1/16	110 3/16
Treas 8¾pc 1997‡‡		7.99	5.90	109 9/16	—	109 13/16	105½
Exch 15pc 1997		11.49	6.08	130⅝	-1/16	132 13/16	127 13/16
9¾pc 1998		8.63	6.13	113	-1/16	113 11/16	109 3/16
Treas 7¼pc 1998‡‡		6.93	6.03	104 5/16	-1/16	104 13/16	98 13/16
7¼pc 1998 B‡‡		6.94	6.04	104 9/16	-1/16	104 13/16	101 13/16
Treas 6¾pc 1995-98‡‡		6.63	5.35	101⅞	—	101⅞	97 13/16
14pc '96-1		10.82	6.37	129 13/16	-1/16	129 13/16	125 1/16
Five to Fifteen Years							
Treas 15½pc '98‡‡		11.22	6.24	138⅛	-1/16	138 13/16	133 13/16
Exch 12pc 1998		9.71	6.39	123⅝	-1/16	124¼	118⅞
Treas 9½pc 1999‡‡		8.36	6.32	113 13/16	-1/16	114⅛	108⅜
Exch 12¼pc 1999		9.74	6.47	125 13/16	—	126⅞	120 1/16
Treas 10½pc 1999		8.84	6.30	118⅝	-1/16	119 1/16	112 13/16
Treas 6pc 1999 (£50pd)‡‡		6.06	6.21	49	+1/16	49 13/16	48⅝
Conversion 10¼pc 1999		8.64	6.46	118⅝	-1/16	119 1/16	112 1/16
9pc 2000‡‡		7.96	6.43	113¼	-1/16	113 13/16	108
Treas 13pc 2000		9.78	6.60	133¼	-1/16	133⅝	128½
10pc 2001		8.43	6.68	118⅝	-1/16	119 13/16	109 13/16
7pc '01‡‡		6.89	6.55	102⅝	—	103 1/16	97 13/16
9¾pc 2002		8.19	6.80	119⅝	+1/16	119 13/16	108⅞
8pc 2003‡‡		7.33	6.70	109 3/16xd	+1/16	109½	97 1/16
10pc 2003		8.17	6.83	122⅝	+1/16	122⅞	109⅝
Treas 11½pc 2001-4		9.14	6.92	125⅝	-1/16	126⅜	116⅝
Funding 3½pc '99-4		4.32	5.94	80 13/16	+1/16	81 13/16	67 13/16
Conversion 9½pc 2004		7.92	6.87	119⅝	+⅛	120 13/16	105⅞
Treas 6¾pc 2004		6.75	6.73	100 1/16	+1/16	100 13/16	97¼
Conv 9½pc 2005		7.91	6.91	120 1/16	+1/16	120 13/16	105⅞
Treas 12½pc 2003-5		9.04	7.08	138¼	+1/16	138 13/16	124 1/16
7¾pc 2006‡‡		7.25	6.93	106⅝	+1/16	107 1/16	94 1/16
8pc 2002-6‡‡		7.43	6.96	107 9/16	+1/16	107 13/16	94 5/16
Treas 11¾pc 2003-7		8.98	7.07	131¼	+1/16	131 5/16	118 13/16
Treas 8½pc 2007‡‡		7.52	6.99	113	+1/16	113 13/16	97 5/16
8½pc 2007 C‡‡		7.52	7.00	113 1/16	+1/16	113½	108⅜
13½pc '04-8		9.23	7.11	146 5/16	+¼	146 13/16	131 5/16
Over Fifteen Years							
Treas 9pc 2008‡‡		7.62	7.01	118 1/16	+1/16	118½	101¼
9pc 2008		7.64	7.04	109	+¼	109 5/16	92 3/16
Conv 9pc Ln 2011‡‡		7.55	7.06	119⅜	+¼	119⅝	100½
9pc 2011 D‡‡		7.55	7.06	119 5/16	+¼	119 13/16	118 13/16
Treas 9pc 2012‡‡		7.50	7.05	119 13/16	+1/16	120 5/16	100 5/16
Treas 5½pc 2008-12‡‡		6.28	6.65	87 1/16	—	88⅝	70¼
Treas 8pc 2013‡‡		7.27	7.04	110 1/16	+¼	110½	93 13/16
7¾pc 2012-15‡‡		7.21	6.98	107 3/16	+1/16	108⅛	89⅝
Treas 8¾pc 2017‡‡		7.32	7.03	119⅝	+1/16	119 13/16	97 1/16
Exch 12pc '13-'17		8.00	7.23	150 5/16xd	+1/16	150 5/16	126 13/16
Undated							
Consols 4pc		7.25	-	55 3/16	+1/16	55 3/16	43⅝
War Loan 3½pc‡‡		7.08	-	49 5/16xd	-1/16	49⅞	38⅝
Conv 3½pc '61 Aft.		5.30	-	67 1/16	+1/16	67⅞	60⅞
Treas 3pc '66 Aft.		7.39	-	40¾	+½	41⅛	33½
Consols 2½pc		6.95	-	35 13/16	+1/16	36	28⅝
Treas. 2½pc		7.22	-	34⅝	+¼	34 13/16	27 13/16

Index-Linked (b)	Notes	Yield (1)	Yield (2)	Price £	+ or -	1993 High	1993 Low
Treas. 2pc '94	(102.9)	-	-	138⅝	—	138⅝	131⅝
2pc '96	(67.9)	1.07	2.02	203 1/16	—	203⅞	194 13/16
4⅝pc '98‡‡	(135.6)	1.46	2.13	112¼	+1/16	112 13/16	105 5/16
2½pc '01	(78.3)	2.43	2.81	172⅞	+⅛	173⅛	150
2½pc '03	(78.8)	2.63	2.94	168¼	+⅛	168 13/16	155
4⅜pc '04‡‡	(135.6)	2.71	3.01	114½	+1/16	115⅜	105½
2pc '06	(69.5)	2.70	2.94	178¾	+⅛	180¼	159¼
2½pc '09	(78.8)	2.86	3.08	182⅛	+⅛	184½	144
2½pc '11	(74.6)	2.93	3.12	169¼	+⅛	170 13/16	148 13/16
2½pc '13	(89.2)	2.97	3.14	140⅜	+1/16	141⅝	122 1/16
2½pc '16	(81.6)	3.01	3.18	150⅜	+⅛	151¾	130 13/16
2½pc '20	(83.0)	3.07	3.21	145⅛	+⅛	147	124 13/16
2½pc '24‡‡	(97.7)	3.07	3.20	121⅞	+⅛	123½	102⅝
4⅛pc '30‡‡	(135.1)	3.09	3.22	121 13/16	+1/16	123 13/16	103¼

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for March 1993: 139.3 and for October 1993: 141.8.

Other Fixed Interest

	Notes	Yield Int	Yield Red	Price £	+ or -	1993 High	1993 Low
African Dev 11¼ 2010		8.22	7.33	135⅛	+1/16	135⅛	115⅞
Asian Dev 10¼pc 2009		8.07	7.29	127	+1/16	127⅜	108 13/16
B'ham 11½pc 2012		8.70	8.14	132¼	-¼	132½	114
Ireland Cap 9½pc '10		7.78	-	109½	-½	120	95
9pc Cap 1996		8.80	-	102¼	—	116	87½
13pc '97-2		11.38	-	114¼	-¼	130	110
Hydro Quebec 15pc 2011		9.27	8.26	161 13/16	-½	162 13/16	138 5/16
Leeds 13½pc 2006		9.46	8.23	142⅝	-½	143¼	128
Liverpool 3½pc Irred		8.33	-	42		42	34
LCC 3pc '20 Aft		7.89	-	38	+¼	38	30½
Manchester 11½pc 2007		8.97	8.12	128¼	-2½	130⅜	114
Met. Wtr. 3pc 'B'		4.07	6.80	73¼	—	74	63⅛
N'wide Anglia 3⅞pc 2021		-	3.69	143¼	-¼	144	117½
4⅛pc IL 2024		-	3.62	137⅜	-½	138¼	115½
Utd Mex States 16½pc 2008		10.78	-	153	—	153	132¼

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on November 25

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅛	100⅜	-⅛	6.47
AlbertaProvince 9⅜ 95	600	108⅝	109		4.57
Austria 8½ 00	400	113¾	114⅛		5.78
Bank of Tokyo 8⅜ 96	100	107⅞	108⅛	+⅛	4.95
Belgium 9⅝ 98	250	116½	116⅞		5.48
BFCE 7¾ 97	150	108	108½		5.08
British Gas 0 21	1500	12⅝	13		7.69
Canada 9 96	1000	109⅛	109½		4.63
CCCE 9¼ 95	300	108	108⅜	-⅛	4.25
Cheung Kong Fin 5½ 98	500	97⅜	97¾		6.14
Council Europe 8 98	100	107¾	108¼	+⅛	4.85
Credit Foncier 9½ 99	300	117¼	117⅝		5.60
Denmark 9¼ 95	1571	108⅜	108⅝		4.16
ECSC 8⅜ 98	193	109	109⅝	+¼	4.97
EEC 9¼ 96	100	109⅛	109⅜	+¼	4.79
EIB 7¾ 96	250	107⅛	107⅝	+⅛	4.78
EIB 9¼ 97	1000	114	114⅜	-⅛	5.25
Elec de France 9 98	200	113½	114		5.39
Eurofima 9¼ 96	100	109⅝	110¼	-⅛	4.71
Ex-Im Bank Japan 8 02	500	111½	111⅞	-⅛	6.21
Export Dev Corp 9½ 98	150	115¾	116¼	-⅛	5.54
Finland 7⅞ 97	200	107½	108⅛	+⅛	5.24
Finnish Export 9½ 95	200	108⅞	109⅛		4.51
Ford Motor Credit 6¼ 98	1500	102¼	102⅝	+⅛	5.72
Gen Elec Capital 9⅜ 96	300	110⅜	110⅞		4.90
GMAC 9⅛ 96	200	107⅞	108½		5.37
Ind Bk Japan Fin 7⅞ 97	200	107¾	108⅛	+¼	5.30
Inter Amer Dev 7⅝ 98	200	107⅛	107⅝		4.92
Italy 6⅞ 23	3500	94¼	94⅝	-⅛	7.49
Japan Dev Bk 8⅜ 01	500	113⅝	114	-⅛	5.99
Kansai Elec Pwr 10 98	350	111¼	111⅝		4.79
LTCB Fin 8 97	200	107¼	108	+½	5.42
Matsushita Elec 7¼ 02	1000	105⅜	105¾		6.53
Nippon Cred Bk 10⅜ 95	150	108½	109	-¼	4.76
Nippon Tel Tel 9⅜ 95	200	108⅛	108½	-⅛	4.29
Norway 7¼ 97	1000	106⅝	106⅞		5.06
Ontario 7⅜ 03	3000	105¼	106	-⅛	6.64
Oster Kontrollbank 8½ 01	200	114⅛	114¾	-⅛	6.00
Petro-Canada 7¼ 96	200	105⅜	106		4.87
Portugal 5¾ 03	1000	95¾	96	-⅛	6.43
Quebec Hydro 9¾ 98	150	115⅞	116½		5.66
Quebec Prov 9 98	200	111⅞	112½	+⅛	5.83
Sainsbury 9⅛ 96	150	110⅜	110⅞	+⅛	5.11
SAS 10 99	200	114⅞	115⅜	+⅛	6.66
SBAB 9½ 95	500	107⅛	107⅝	-¼	4.49
SNCF 9½ 98	150	116⅛	116½	+⅛	5.47
Spain 6½ 99	1500	103½	103⅞	-⅛	5.77
State Bk NSW 8½ 96	200	108⅛	108⅜		5.07
Sweden 5½ 95	2000	101⅞	102⅛		4.51
Swedish Export 8⅜ 96	700	107⅞	108¼		4.78
Tokyo Elec Power 8¾ 96	300	109⅝	110	+⅛	4.90
Tokyo Metropolis 8¼ 96	200	109	109⅜		4.80
Toyota Motor 5⅝ 98	1500	100½	100⅞	-⅛	5.46
United Kingdom 7¼ 02	3000	107⅛	107⅜	-⅛	6.20
World Bank 8⅜ 99	1500	113⅞	114⅛	-⅛	5.64
World Bank 8¼ 97	1500	111⅝	111⅞	-⅛	4.91
DEUTSCHE MARK STRAIGHTS					
Austria 5⅞ 97	500	101¾	102		5.27
Belgium 7¾ 02	500	109⅛	109½	-⅛	6.29
Credit Foncier 7¼ 03	2000	108⅛	108½	+⅛	6.31
Denmark 6⅛ 98	2000	103	103⅛	+¼	5.38
Deutsche Finance 7½ 95	1000	102¼	102⅜		5.43
ECSC 8⅜ 96	700	109⅛	109⅜		5.32
EEC 6½ 00	2900	104⅞	105	+⅛	5.55
EIB 7½ 99	400	110⅞	111¼		5.35
Finland 7½ 00	3000	107⅞	108⅛		5.93
Ireland 7⅞ 02	500	109½	110		6.32
Italy 7¼ 98	5000	106⅛	106¼	+¼	5.57
Spain 7¼ 03	4000	106⅝	106⅞	+⅛	6.26
Sweden 8 97	2500	108¾	109	-⅛	5.47
Tokyo Elec Power 7⅝ 02	1000	108¾	109⅛		6.31

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7⅛ 97	5500	105½	105⅝	+⅛	5.25
Volkswagen Intl Fin 7 03	1000	102½	102⅞	+⅛	6.63
World Bank 0 15	2000	27¾	28⅛		5.98
World Bank 5¾ 96	300	102	102½		4.80
World Bank 8¾ 00	1250	117¾	118¼		5.39
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	114¼	114¾	-¼	4.76
Council Europe 4¾ 98	250	102¾	102¾	+¼	4.03
EIB 6¾ 04	300	114	114½		5.04
Elec de France 7¼ 06	100	117			5.31
Finland 7¼ 99	300	114	114½	+¼	4.48
General Motors 7½ 95	100	103⅛	103¾		4.94
Hyundai Motor Fin 8½ 97	100	108½			5.92
Iceland 7⅝ 00	100	115	115½	-½	4.83
Kobe 6⅞ 01	240	111½	112	-¼	4.56
New Zealand 4⅞ 99	200	100¾	101¼		4.70
Ontario 6¼ 03	400	110⅛	110½	-¼	4.85
Quebec Hydro 5 08	100	100	101		5.00
SNCF 7 04	450	119¼	119½	+⅛	4.70
World Bank 5 03	150	102½	103½		4.67
World Bank 7 01	600	115¼	116		4.49
YEN STRAIGHTS					
Belgium 5 99	75000	108	108¼	+⅛	3.51
Denmark 7 95	40000	105⅜	105⅝		2.32
EIB 6⅝ 00	100000	116⅞	117⅛	+½	3.58
Elec de France 5⅝ 98	20000	108¼	108¾	+¼	2.84
Finland 6¾ 95	50000	109⅜	109⅝	+⅛	2.55
Inter Amer Dev 7¼ 00	30000	120⅝	120⅞	+½	3.61
Japan Dev Bk 5 99	100000	109	109¼	+½	3.28
Japan Dev Bk 6½ 01	120000	117¾	117⅞	+½	3.83
Nippon Tel Tel 5⅞ 96	50000	109	109¼	+¼	2.54
Norway 5⅞ 95	50000	103⅝	103⅞		2.37
SNCF 6¾ 00	30000	117½	117¾	+⅜	3.58
Sweden 5⅝ 95	20000	105⅞	106⅛	+⅛	2.44
World Bank 6¾ 00	50000	117⅞	117⅝	+⅜	3.61
OTHER STRAIGHTS					
Arbed 7½ 95 LFr	600	99½	100½		7.79
Gerfinance Lux 9⅛ 99 LFr	1000	107½	108½		7.37
World Bank 8 99 LFr	1000	101½	102½		7.27
Bank Voor Ned Gem 7⅝ 02 Fl	1000	109⅛	109⅝		6.27
Energie Beheer 8¾ 98 Fl	500	111⅜	111⅞		6.03
AlbertaProvince 10⅝ 98 C$	500	110	110½		5.68
Bell Canada 10⅝ 99 C$	150	115	115⅝	-⅛	7.27
British Columbia 10 96 C$	500	108⅝	110		5.76
EIB 10⅛ 98 C$	130	114	114⅞	+½	6.28
Elec de France 9¾ 99 C$	275	113¾	113⅞	+⅛	6.86
Gen Elec Capital 10 96 C$	300	109¼	109¾		5.94
KfW Int Fin 10 01 C$	400	115⅛	115⅝	+¼	7.24
Nippon Tel Tel 10¼ 99 C$	200	115¼	115¾	+¼	7.00
Ontario 8 03 C$	1500	102¾	103	+⅛	7.73
Ontario Hydro 10⅞ 99 C$	500	116¾	117⅛	+⅛	6.99
Oster Kontrollbank 10¼ 99 C$	150	116½	116	+¼	6.84
Quebec Prov 10½ 98 C$	200	114⅝	115⅛	+⅛	6.95
Belgium 9¼ 98 Ecu	1250	106⅞	107⅛		5.84
Council Europe 9 01 Ecu	1100	116¾	118	+½	6.41
Credit Lyonnais 9 96 Ecu	125	105⅞	108½	+¼	6.31
EIB 10 97 Ecu	1125	111⅞	112¼		5.83
Ferro del Stat 10⅛ 98 Ecu	500	112⅞	113⅜	-¼	6.46
Italy 10¾ 00 Ecu	1000	121⅛	121½	+⅛	6.58
Spain 9 96 Ecu	1000	107⅛	107¼	+⅛	5.82
United Kingdom 9⅛ 01 Ecu	2750	116	116¼	+⅛	6.30
AIDC 10 99 A$	100	113½	114		6.96
BP America 12¼ 96 A$	100	112	112½		6.39
Comm Bk Australia 13¾ 99 A$	100	131⅞	131¾		6.99
Eksportfinans 12⅛ 95 A$	75	109½	109⅞	+⅛	5.62
McDonalds Canada 15 95 A$	100	114⅛	114½	+⅛	5.43
NSW Treasury Zero 0 20 A$	1000	14	14¼	+¼	7.56
R & I Bank 7¾ 03 A$	125	102	102⅛	+⅛	7.44
Sth Aust Govt Fin 9 02 A$	150	109½	109⅞		7.49
Unilever Australia 12 98 A$	150	118	119½	-⅛	6.80

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11⅜ 97 £	100	115	115½		6.37
British Gas 12¾ 95 £	300	108¼	108⅝	+⅛	5.50
British Land 12½ 16 £	150	135¼	135¾	+¼	9.05
EIB 10 97 £	637	111¼	111½	+⅛	6.00
Halifax 10⅜ 97 £	100	111⅞	112⅜		6.23
Hanson 10⅜ 97 £	500	112	112⅜	+⅛	6.76
HSBC Holdings 11.69 02 £	153	121⅞	122⅜	+⅛	8.07
Italy 10½ 14 £	400	124⅞	125⅛	+⅛	7.98
Japan Dev Bk 7 00 £	200	102	102⅜		6.63
Land Secs 9½ 07 £	200	111	111¼	+⅛	8.11
Ontario 11⅛ 01 £	100	120⅝	121		7.33
Powergen 8⅞ 03 £	250	110	110⅜	+⅛	7.34
Severn Trent 11½ 99 £	150	119⅝	120⅛		7.13
Tokyo Elec Power 11 01 £	150	122	122⅜		7.11
World Bank 11¼ 95 £	100	107⅝	108⅛		5.65
Abbey National 0 98 NZ$	100	83¾	84¼	+⅛	6.62
TCNZ Fin 9¼ 02 NZ$	75	113¾	114¾	+¼	7.05
CEPME 10 95 FFr	2000	108¼	108½	+⅛	5.73
Elec de France 8¾ 22 FFr	3000	121⅛	121⅝	+½	7.01
SNCF 9¼ 97 FFr	4000	110¾	111⅛	+⅛	5.65

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Banco Roma 0 99	200	99.48	99.70	3.1875
Belgium 1/16 97 DM	500	99.97	100.05	6.4375
BFCE -0.02 98	350	99.82	99.93	3.4175
Britannia 0.10 96 £	150	99.82	99.92	5.7875
CCCE 0 08 Ecu	200	98.73	98.98	7.5469
Citicorp Bkg ¼ 98	400	99.97	100.30	5.2500
Credit Lyonnais 1/16 00	300	100.03	100.45	5.0000
Denmark -⅛ 96	1000	99.48	99.59	3.1875
Dresdner Finance 1/16 98 DM	1000	99.94	100.05	6.5078
Elec de France ⅛ 99	400	101.42	102.33	6.2500
Ferro del Stat 1/16 97	420	99.65	99.96	3.2875
Finland 0 97	1000	99.90	100.00	3.5000
Halifax BS 1/16 95 £	350	99.95	100.01	5.8750
Ireland 0 98	300	99.70	99.83	3.4400
Italy ¼ 98	2000	100.18	100.24	3.4375
Leeds Permanent ⅛ 96 £	200	99.94	100.04	6.0625
Lloyds Bank Perp S 0.10	600	82.34	83.59	3.5375
Malaysia 1/16 05	650	100.04	100.29	5.2500
Nationwide 0.08 96 £	300	99.78	99.87	6.0175
New Zealand ⅛ 96	250	100.01	100.12	3.4380
Renfe 0 98	500	99.43	99.62	3.3750
Societe Generale 0 96	300	99.60	99.78	3.2812
Staatsbank Berlin -0.05 96 DM	6000	99.96	100.04	6.6963
State Bk Victoria 0.05 99	125	99.53	99.73	3.5500
Sweden 0 98	1500	100.00	100.09	3.2500
United Kingdom -⅛ 96	4000	99.77	99.82	2.9375

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	99⅛	99⅞	
Chubb Capital 6 98	250	86	107⅞	108⅞	+17.62
Eastman Kodak 6⅜ 01	300	50.87	119½	120¼	-1.94
Gold Kalgoorlie 7½ 00	65	1.0554	108⅜	109½	+53.01
Hanson 9½ 06 £	500	2.5875	124½	125¼	+15.67
Hawley Pref 6 02	400	19.1	133⅝	135	
Land Secs 6¾ 02 £	84	6.72	105½	108¾	-2.21
Lasmo 7¾ 05 £	90	5.64	90¾	91¼	
Mitsui Bank 2⅝ 03	200	2332.8	96⅛	96⅞	+17.32
Mount Isa Fin 6½ 97	100	2.283	100⅞	101⅞	+56.82
Natl Power 6¼ 08 £	250	4.33	111⅝	112¼	+21.14
Ogden 6 02	85	39.077	95½	96¼	+58.80
Smith Nephew 4 02 £	90	1.775	132	133⅜	+89.17
Sumitomo Bank 3⅛ 04	300	3606.9	91¾	92⅞	+28.03
Sun Alliance 7¼ 08 £	155	3.9	111⅞	112¾	+20.20
Tesco Capital 9 05 £	200	2.51	118⅛	119⅛	+52.44
Texas Instruments 2¾ 02	300	82⅞	100¼	102	+29.20

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Shareholders urged to be 'realistic' and accept 1p a share offer

Ferranti spells out alternative

By Paul Taylor

Mr Eugene Anderson, chairman of Ferranti International, stepped up pressure on the defence electronic group's 48,000 shareholders yesterday, urging them to be "realistic" and to accept GEC's 1p a share rescue bid.

In a lengthy letter to shareholders Mr Anderson said Ferranti's directors "understand the unhappiness" over the terms of the GEC offers to ordinary, special and preference shareholders.

However, he reiterated that the Ferranti board believes that if the £11.4m GEC bid is rejected "the only practical alternative is receivership, and we believe that no class of shareholder will receive any value from receivership."

The letter rejects many of the claims of disgruntled individual shareholders and attempts to deal with the issues raised by the Ferranti Shareholders Support Association led by Mr John Katz.

In particular it confirms that administration, suggested by some as an alternative to receivership if the GEC bid fails, is not an option because Ferranti's banks have held a fixed and floating charge over the assets of the company for the past four years.

As a result Ferranti's 15 banks, which are owed about £100m, can block the court appointment of an administrator and insist on receivership – something Mr Anderson said they have indicated they would do.

The other issues covered in the letter include:

● Order book and installed base. The letter says orders arising from the group's £1bn installed base are reflected in the order book which fell from £200m at the end of March to £165m by the end of September – a period when Ferranti lost £19.4m before tax.

The current order book is "not sufficient to sustain the Ferranti business and the group will have to be restructured, its cost reduced and substantial new business must be won for it to return to profitability."

● Pension Fund Surplus. Although Ferranti's annual report shows that the actuarial value of the Ferranti pension scheme is over-funded by about £106m, under Inland Revenue rules, which impose more stringent actuarial assumptions, the letter says the surplus is not large enough to allow for any repayment.

● Tax Losses. The letter claims that Ferranti's UK tax losses of £110m can only be used to offset future profits from the Ferranti businesses. They cannot be directly transfered to GEC, or be offset against GEC's existing businesses.

● Goodwill. Ferranti insists the potential value of the group lies in the experience and expertise of its remaining employees rather than in patents and trademarks. The letter also emphasises that, "Ferranti is worth only what someone will pay for it in its present circumstances."

GEC has said it will not proceed with the bid unless it receives the support of shareholders controlling at least 90 per cent of the group's 1bn shares.

Larger customer base lifts SW Water

By Peggy Hollinger

A rise in the number of new customers helped South West Water, the privatised utility, to announce a 3 per cent increase in interim pre-tax profits to £50.3m.

The outcome, largely in line with expectation, was struck on sales up 30 per cent to £125.7m for the six months to September 30.

The increase in profits was due to a strong performance in the core regulated water and sewage business, which benefited from the addition of 2,500 new customers, cost savings and price increases.

Mr Ken Hill, finance director, said the group had returned "good sound results" in the first half.

Operating profits were 32 per cent higher at £54.9m, helped by a £1m contribution from the non-core businesses.

The pre-tax return increased at a slower rate due to interest charges of £4.8m, against gains last year of £7.6m.

South West, which received a £266m dowry from the government at flotation to help pay for its substantial capital expenditure programme, is expected to have gearing of between 25 per cent and 30 per cent by the year end.

The non-core business moved ahead on the back of three acquisitions.

These accounted for about half of the increase in group sales. Two of the three businesses were profitable after interest costs.

The third, Haul Waste, incurred losses of less than £1m after interest.

The interim dividend is raised by 7.7 per cent to 8.4p.

Earnings per share were 3.5 per cent higher at 38.4p.

● **COMMENT**

South West is about one third the way through its disproportionately large capital expenditure programme and has another £1.3bn which it must spend. Although so far it has been allowed substantially higher price increases than its colleagues to fund the expenditure, this status may well come under pressure in next year's review. Furthermore, even though South West has been pretty acute in spotting cost cutting opportunities, these may be increasingly more difficult to achieve in future. Forecasts for full year profits of £95m give a prospective p/e of 8. The company's main attraction seems to be its yield which stands out in an otherwise dull sector.

Powell Duffryn flat at £10.3m after exceptional

By Andrew Bolger

Shares in Powell Duffryn rose by 15p to 614p after the distribution, storage and engineering group reported a strong increase in underlying profitability.

Pre-tax profits for the six months to September 30 were flat at £10.3m (£10.4m). There was an exceptional charge of £3.9m, a loss of £5.7m on the disposal of the Hamworthy hydraulics and transmissions business was partly offset by a property disposal gain.

However operating profits rose by 40 per cent to £16.8m (£12m) on sales of £355m (£330.8m), including £16.3m (£21.6p) from discontinued activities.

Mr David Hubbard, chairman, said the strong trading start to the year was in part due to the recent restructuring and it belied continuing weaknesses in some of its main markets.

However, improved trading conditions seen in some parts of the group's oil distribution activities this summer should, given reasonable winter weather conditions, augur well for the remainder of the year in fuel distribution.

Mr Hubbard said growth in the company's shares of the automotive and industrial oil markets was underpinned both by improved terms of trade and by reduced failures among road haulage customers.

However, the weak summer coal market was exacerbated by technical start-up problems in a coal contract, which held back overall progress.

Steady trading performances in the port activities against a background of patchy demand were boosted by the contribution from the minority interest in Stephenson Clarke Shipping.

Storage interests made further progress. Although results from the UK dry goods warehouses and US packaging plants were affected by lower demand, this was more than offset by improved results from the liquid storage operations in the UK and overseas, particularly Australia.

Earnings per share were 8p (9.8p). The interim dividend is maintained at 6.6p.

● **COMMENT**

The positive reception given to these impressive figures confirms the re-rating enjoyed by Powell Duffryn, which has seen its shares more than double in the last 19 months. After apparently slumbering in the eighties, the group revitalised itself through buying shrewdly into the ports business and shedding less profitable activities. Gearing of about 20 per cent gives plenty of muscle to buy another large UK port and the group will continue to invest in its quality Hamworthy engineering businesses. Forecast full-year profits of £37m put the shares on a prospective multiple of 17. That is a 13 per cent premium to the market, which seems modest for a well-run group which has yet to see strong recovery in its main markets. Even a maintained dividend would still offer a premium yield and more bullish analysts think a cold winter would enable the group to lift the final payment.

Celltech to float with £176m tag

By Richard Gourlay

Celltech, the emerging bio-technology company, yesterday raised £50m in a placing of shares at 250p in the largest flotation this new UK sector has yet seen.

The size of the float was lower than the company had originally hoped for as market conditions had proved "quite challenging" and the new issue market had gone off the boil, according to Mr Peter Fellner, chief executive.

The company will have a market capitalisation at this price of £176.5m.

While the entire 20m share placing was underwritten by Barings, 7m of the shares were placed subject to clawback by the public. The closing date for applications is December 2.

Celltech will retain £27.3m after expenses while the British & Commonwealth administrator's stake after share sales falls from 36.4 per cent to 19.9 per cent.

B&C and the Prudential and Montagu Equity, which also sold shares, have agreed not to sell any more for a year.

Mr Fellner said he was pleased with level of interest and the fact that Celltech had raised what it was seeking for its R&D programme.

The management is not selling any shares and directors have said they will be applying for 29,000 in the public offer.

Just over a quarter of the issue was distributed in Switzerland by Swiss Bank Corporation, and the rest by Cazenove in the UK.

● **COMMENT**

While the £50m float is less than the company had hoped for, Celltech has nevertheless successfully raised what it needs for its R&D programme. A bigger float would, however, have led to a smaller overhang in the market from the stake retained by British & Commonwealth. The importance of this is diminished, however, when one considers that no investor should be looking to invest in Celltech – or any of the high risk new bio-technology drug companies – with anything but a long-term view. If the US experience is any guide, one of the newly floated bio-tech companies is likely to succeed with super returns. And Celltech may have gone further than most in reducing the risks by securing a strong source of internally generated cash to slow the rate R&D consumes cash. But it is questionable whether investors really have a big enough choice of companies in the UK from which to construct a truly risk-reducing portfolio. Sophisticated investors might well buy Celltech, but they would be well advised to consider constructing a portfolio that included some US bio-technology stocks as well.

Chloride recovers to £1.32m

By David Blackwell

Chloride Group, the battery manufacturer which is transforming itself into an electronics group, returned to the black in the six months to end-September.

Pre-tax profits were £1.32m, compared with a previous loss of £2.73m. Earnings per share were 0.1p (losses 1.6p), insufficient to resume the dividend, the company said.

Mr Keith Hodgkinson, chief executive, yesterday described the result as "a major step forward" for the group, which is going into the second half with a stronger order book than last year. The strategy would continue to be disposal of the batteries businesses in order to invest in the core electronics businesses.

Total turnover rose by 14 per cent, from £45.4m to £51.8m. Discontinued operations accounted for £2.7m in both halves.

The electronics division moved into the black with operating profits of £508,000 compared with a loss of £2.27m previously. Turnover climbed from £34.1m to £38.3m.

The electronics products fall into three areas – uninterruptible power supplies for computers, emergency lighting, and power conversion. Mr Hodgkinson said sales of uninterruptible power supplies were 7 per cent ahead in the half. A new sales office in Thailand had doubled the order rate in south-east Asia.

The power conversion operation in Rochester in the US had returned to profits, while losses had been reduced at the El Paso operation in Texas.

The group sold two battery businesses in Kenya and one in Botswana during the first half. The sales of further businesses in central Africa and Egypt are being negotiated.

Operating profits from the battery businesses were £1.16m (£604,000) on turnover of £10.8m (£8.6m).

McLeod Russel rises to £5m

Profits of McLeod Russel, which acquired the loss-making Wheway group earlier this year, expanded from £4.94m to £5.16m pre-tax for the year to end-September.

The shares rose 12p to 113p.

Turnover of £88.4m (£43.4m) included a six months' contribution from Wheway – the group's operations cover surface coatings, air filtration products and environmental engineering.

On an annualised basis the enlarged group's turnover for the year was in excess of £125m.

Operating profits improved by 52 per cent to £5.17m although interest of £490,000 (£1m received) reduced the pre-tax rise to 4.4 per cent.

The total dividend is lifted to 6.1p via a final of 3.35p (3.25p). Earnings emerged at 7.54p (7.46p) per share.

Mr Nigel Openshaw, chairman, said: "We have made a good start in rebuilding the former Wheway businesses to restore profitability and to make them cash generative."

Waterglade cuts loss amid restructuring

Waterglade International Holdings, the property developer, reported pre-tax losses of £11.7m for the 14 months to May 31, against £18.5m for the previous 12 months.

The main factor was the lower exceptional charge of £7.06m (£13.3m) of which £4.83m (£12.8m) was a provision against the cost of development properties.

During the period the company came to an agreement with its largest bank creditor, Bank of America, which took over Waterglade's largest asset in return for extinguishing all but £1.75m of the £18m debt.

As an interim funding measure the company is issuing £500,000 of convertible unsecured loan stock 1994 of which £250,000 has been issued with an expected further £25,000 in the near future.

It is intended to make a rights issue before the end of February next year.

Waterglade has also raised a total of £1.15m through property and other sales. In addition there was a refund of corporation tax of £1.75m which helped cash flow.

Of its holding in Seafield, the Dublin-based transport and property group, the company said it would be retained as a long term investment, although Seafield was selling its property interests. Waterglade tried to replace the Seafield board but it later withdrew.

Turnover for the 14 months was £9.59m (£24.6m). Losses per share were 56.7p (84.5p).

Aviva incurs $0.6m third quarter loss

Aviva Petroleum, the Texas-based oil and gas company quoted in London, reported a deficit for the third quarter to the end of September of $632,000 (£424,000), or losses of 2 cents per share.

That compared with a deficit of $515,000 – losses of 9 cents per share – in the comparable period and brings the deficit at the nine months stage to $975,000 ($8.76m) for losses of 4 cents ($1.65) per share.

Aviva also announced it was offering to purchase for cancellation, at 71p apiece, some 170,000 shares of the company's common stock held by owners of less than 100 shares.

Fife chairman asks for support

By Peggy Hollinger

Mr Gavin Hepburn, chairman of dissent-riven Fife Indmar, yesterday appealed to investors to support current management against attempts by minority shareholders to change the board and announced the appointment of a new managing director.

In a letter to shareholders this week, Mr Hepburn said efforts by Mr Guido Crolla, a Scottish businessman, and Mr Charles McDonald, a Fife director, to nominate two board members amounted to an attempt to "secure control of the company . . . without making a general offer to all shareholders.

Mr Crolla and Mr McDonald, who control 10.4 per cent of the company, have requisitioned an extraordinary meeting on December 17 to unseat Mr Hepburn and fellow director Mr Michael Munro.

They propose to replace them with Mr Crolla and Mr David Chassels, of BDO Binder Hamlyn. If successful, Mr McDonald would replace Mr Hepburn as chairman.

Mr Hepburn said it was "ironic that the board should face a challenge at this time, just when its strategies are bearing fruit." Fife had returned to profit at the interim stage.

The appointment of Mr Tim Gutteridge, former chief executive of Courtney Pope, would further strengthen the business, Mr Hepburn said.

The chairman said he was also puzzled at Mr McDonald's decision to support Mr Crolla, since he had been "at one with the board in developing those strategies and rejecting earlier approaches by Mr Crolla".

FT-SE Mid 250

Now that Whitbread's offer for Whitbread Investment has become unconditional in all respects, the FT-SE Actuaries UK Indices Committee has approved that Amstrad should replace Whitbread Investment in the FT-SE Mid 250.

Quadramatic ahead of forecast with £1.57m

By Andrew Bolger

Quadramatic, the specialist engineering group which came to the market in July, made pre-tax profits of £1.57m in the six months to September 30, slightly above the flotation forecast of £1.46m. The shares, floated at 123p, yesterday closed 2p higher at 161p.

Mr Tony Gartland, chairman, is a deal maker who in the eighties expanded FKI, the electrical engineering group, along with Mr Jeff Whalley. Mr Gartland said the order book was 12 per cent higher than last year's levels, and prospects remained favourable.

Turnover was £13.2m to September 30, which will become the recently formed group's year-end. Earnings per share were 5.1p and the final dividend is 1p.

Quadramatic comprised a coin-handling and optical business when it came to the market, but last month placed more shares in order to pay £11.3m for two high-technology instruments businesses.

Mr Gartland, who has promised to expand the group by acquisition, said he now had the three core areas on which he could build – coin-handling, optical and industrial instruments. His immediate priorities were acquisitions to fill excess factory capacity at the group's Oldham base, which makes coin-handling equipment, and to expand the optical and instruments businesses.

Coin Controls International accounted for 78 per cent of group sales in the six-month period and made profits before interest and tax of £1.9m (£1.2m). In the last year, Coin's sales improved by 26 per cent as it strengthened its position in UK leisure machines and US pinball machines.

Combined Optical Industries, which moulds plastic optical products, accounted for 22 per cent of group sales and made profits before interest and tax of £260,000 (£160,000).

Mr Gartland said: "The group will continue to seek appropriate strategic acquisitions which will be earnings-enhancing and we have identified a number of promising opportunities, which will support the group's growth plans."

The chairman said the recently acquired instruments businesses had considerable potential for further growth. Datapaq supplies thermal monitoring systems, while Automatic System Laboratories makes calibrating equipment for laboratories.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AAH	int	6†	Mar 23	6.8	-	17.3
BPB Inds	int	2.8	Jan 21	2.7	-	7.5
Cater Allen	int	8	Jan 7	7	-	27
Fulcrum Inv Tst	int	1.4‡	Dec 31	1.4	-	13.07§
GEI	int	nil	-	2.47	-	4.94
Hazlewood Foods	int	2.4	Jan 17	2.3	-	6.4
Macdonald Martin	int	2.266	Jan 7	2.2	-	8.8
McLeod Russel	fin	3.35†	Jan 14	3.25	6.1	6
Morland	fin	6.96	Feb 14	5.98	9.74	8.4
Policy Portfolio	int	1.5	Jan 10	-	-	-
Powell Duffryn	int	6.6	Jan 7	6.6	-	22.6
Quadramatic	fin	1	Feb 11	-	1	-
Scottish Power	int	4.13	Mar 11	3.72	-	11.15
Shanks & McEwan	int	2.24	Jan 21	2.24	-	5.68
South West Water	int	8.4	Apr 6	7.8	-	23.7
Tomkinsons	fin	8	Feb 17	8	11.5	11.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. ‡Second interim; makes 2.8p to date. §For 18 months

COMPANY NEWS: UK

Hazlewood lower after exceptional

By Peter Pearse

A £2.3m exceptional write-off from the sale of a Dutch subsidiary caused pre-tax profits at Hazlewood Foods to dip 5.7 per cent to £23.3m in the six months to October 2. The shares fell 7p to 141p.

Stripping out the effects of June's £14.2 sale of Luijckx, profits grew to £25.6m (£24.7m). Turnover rose 11 per cent to £403.9m (£364.8m) and gross profits advanced 6 per cent to £88.1m (£83m).

Mr Peter Barr, chairman, said that the refocusing of the group was largely complete. With the past few years' heavy investment now in place, the board's next challenges were to promote "volume-led" organic growth, and increase productivity levels, using the now under-utilised capacity in many of its upgraded plants.

He said that the drive for organic growth meant having "a coherent strategy", stating that the short-term situation could not affect the long-term view.

The slippage in group margins, from 8.3 to 7.8 per cent, was in part due to commissioning and general restructuring costs of about £1m in the half, especially in convenience foods and ready meals.

Restrictions by supermarket chains, which were rejecting higher prices while demanding no loss of quality, also contributed.

Another aim was to exploit the immaturity of the European market in added value foods, principally in the ready meals and convenience foods sectors. This type of food product accounted for more than half group sales for the first time and the proportion is set to increase.

By division, grocery and non-food lifted operating profits to £8.1m (£7.4m) on lower turnover of £78m (£80.2m).

Frozen foods profits at £11.2m (£11m) were held back by flatfish which was down at £1m (£1.5m) and ready meals which were flat at £5m. Shellfish were up at £5.2m (£4.5m).

Reduced profits of £4.7m (£6m) in convenience foods meant that profits at fresh foods slipped to £10.9m (£11.1m), though produce rose to £2.5m from £1.6m.

Earnings per share fell to 6.94p (7.62p). The interim dividend is lifted to 2.4p (2.3p).

● COMMENT

Since September the food industry has come under the retailers' cosh and it is unfortunate that Hazlewood's refit has come on stream in a period of pricing uncertainty. Some might say that the management could have started the investment earlier, in a stable price environment. And there is a feeling that in its drive for higher volumes, the group might be a little too amenable to the retailers' as yet unknowable price demands. That said, there is plenty of scope for productivity gains and, using the Dutch manufacturing and distribution operations, continental Europe seems ripe for the taking. With between £52.5m and £55m pencilled in for the current year, against last year's £55m, the p/e hovers round the mid-8s. The shares look cheap, though the wary market will want to see the group deliver.

Faced with a very tricky balancing ACT

Maggie Urry on some problems facing the chancellor in his Budget next week

When Mr Kenneth Clarke stands up next Tuesday to deliver his first budget, companies will be straining to hear what he plans to do about surplus advance corporation tax and the foreign income dividend scheme proposed by his predecessor in March.

The FID scheme was initially enthusiastically received, and welcomed publicly by the 100 Group of Finance Directors, but has found some critics. Says one finance director, "I would like it to go ahead and I think we would like to implement it. It's not perfect, but half a loaf..."

A corporate tax expert agrees, although he thinks the FID scheme hangs in the balance. "I sincerely hope it does go ahead. But in a manner that is practical and effective."

However, the depth of feeling is illustrated by one finance director of a Footsie company who not only refuses to be named speaking on the subject, but insists that no comment he makes should be traceable to him or his company.

"It is a very divisive subject," he explains, saying that it has pitted company against company, and shareholder against shareholder. Some even hope, he says, that the scheme will be dropped altogether.

Further, the debate is inextricably entwined with the question of whether pension funds will be taxed, itself a fraught topic. Under the proposed FID scheme, pension funds would lose their tax credit on dividends, cutting their income.

That could have serious knock-on effects. Lower income would cut pension funds' values. All companies, not just those with a surplus ACT problem, could find that rather than a surplus on their pension fund they have a deficit. That would mean the end of contributions holidays, depressing profits, in turn lowering the tax take and possibly squeezing dividends.

Companies may be pressured by tax-exempt shareholders to make up the loss of their tax credits through higher dividends, so gains made by avoiding ACT would be lost through increased pay-outs. Any which did not make up the dividend shortfall could see their share prices fall, further reducing pension fund valuations.

The anonymous finance director admits to the unpopular view: "I wouldn't mind if pension funds were taxed. Our scheme is generously funded."

Under the existing tax regime, companies pay ACT on dividends and can then offset that against their mainstream corporation tax bill. Tax-exempt investors, such as pension funds, can reclaim the tax on the dividend, while tax-paying shareholders are treated as having already paid basic rate tax on the dividend.

Companies suffer if they have too small a UK mainstream tax liability against which the ACT can be offset, in which case they end up paying surplus ACT, raising their tax charge. There are two main reasons why this happens.

BUDGET

A company which derives most or all of its profits from the UK, but pays higher dividends than it can afford, will be hit. This is usually considered a cyclical problem, for instance where a company does not cut its dividend when profits fall, and is expected to lessen when profits recover after the recession.

More serious is the case of companies with a structural problem – those which earn a high proportion of their profits overseas. They cannot offset ACT against their overseas tax bills, and pay insufficient UK tax to use up their ACT.

The March budget did two things. First, Mr Norman Lamont cut the ACT rate from 25 per cent to 20 per cent over two years, in an attempt to reduce the amount of surplus ACT. While this appeared helpful, and gave a cashflow benefit to companies, it soon became apparent that it would actually increase the government's tax take.

The second was Mr Lamont's proposal of the FID scheme. Essentially this would allow companies to pay dividends free of ACT out of their foreign income. The scheme was detailed in an Inland Revenue consultative document.

It is this scheme which Mr Clarke is expected to elaborate on in the budget, and perhaps put into effect in the new year.

The Inland Revenue is understood to have received numerous negative comments about the scheme. It is a complicated system, and has many restrictions which companies feel will constrain its use. Cynics even suggest that since the FID scheme will cut the government's tax take, the Treasury would actually prefer companies not to use it.

The FID scheme involves a company paying ACT as normal, but identifying which dividends it regards as being paid out of foreign income and reclaiming any surplus ACT on those after proving the dividend was paid from foreign profits. It cannot use foreign income from earlier or later years.

As well as the many technical concerns about the scheme, the main bone of contention is the question of tax credits. Any dividend paid as a FID would not entitle a tax-exempt shareholder to reclaim tax. It would make no difference to a tax-paying shareholder.

Thus one class of shareholders would benefit from a company paying FIDs – because the company would save surplus tax – but another class would lose. Under the scheme, companies cannot "stream" dividends, directing FIDs towards tax payers and tax-credit bearing dividends to pension funds. One leading accounting firm described this rule as "unduly harsh" in its submission on the scheme to the Inland Revenue.

Companies are in danger of upsetting one or other class of shareholder whatever they do. "It drives a wedge between the two types of shareholder," says a finance director, "and puts the directors in a very nasty position. FIDs take away one problem but they leave another which is almost worse."

The Revenue is unlikely to heed calls from some finance directors and tax experts to abolish ACT altogether. One suggestion is that ACT be removed but corporation tax payments brought forward from the current due date of nine months after the year end. That would give the government a substantial one-off cashflow benefit in a year when it needs every penny it can raise.

The same problem of lost tax credits would arise for tax-exempt investors and hence for companies' pension funding costs. But, proponents argue, the government could in return lessen the tax burden for all companies, which would be fairer than the current system which penalises some through surplus ACT.

Whatever Mr Clarke does on Tuesday, it looks certain that he will offend some companies and some shareholders. Companies, fearing they will have to alienate some shareholders, may have little sympathy for him.

Mixed response for market newcomers

By David Blackwell

The shares of three newcomers to the stock market met with a mixed response in first day dealings yesterday.

Shares of Lilliput Group, the Cumbria-based manufacturer of hand-painted miniature china cottages, closed 10p down on the 135p offer price.

The company placed a total of 12.04m ordinary shares with institutional and other investors, of which 4.2m were subject to a clawback to meet retail demand. In the event retail investors and employees took up only 24.7 per cent, or just over 1m shares.

The flotation raised £16.3m for existing shareholders, and £2.43m net of expenses for the company, of which £1.47m will be used to redeem preference and deferred shares.

In contrast, shares of Ruberoid, the roofing subsidiary spun off by Tarmac, closed at 163p, a premium of 13p. At the 150p flotation price, the company was valued at about £72m.

More than 30m shares – 65 per cent of the issue – were placed firm with institutions. The balance of 16.5m shares was 2.1 times subscribed. The issue raised £68.8m for existing shareholders, principally subsidiaries of Tarmac, and £2m for the company.

Shares of the the third newcomer, Biotrace International, ended the day at 145p, valuing the the South Wales-based biotechnology group at about £44.7m. Last week Allied Provincial Securities placed 7.15m shares, representing 23.2 per cent of the enlarged share capital, at 130p.

Biotrace was founded five years ago by Mr Ian Johnson, a former Welsh Water microbiologist, and Mr Colin Griffiths, an accountant. It manufactures a range of rapid testing instruments and chemical reagents to monitor hygiene levels and detect microbiological contaminants in the food and drink and other sectors.

The placing included some 4.6m shares on behalf of the company which will mainly be used to increase marketing resources overseas.

Slimmer Unigroup £4.41m in the black

Unigroup, the building materials group, yesterday reported a pre-tax profit of £4.41m for the 15-month period to September 30.

The outcome included interest payable of £1.38m, offset by interest receivable and similar income of £918,000. A further £361,000 was written off.

The profits were wholly attributable to discontinued activities, which contributed £6.47m. However, these were diminished by losses of £1.25m from continuing activities.

The net proceeds from the disposal amounted to about £14m, giving a significant boost to the balance sheet – net tangible asset value per share rose to 33p, against 7.2p in 1992.

Turnover totalled £38.5m. Earnings per share were 8.5p.

In the 12 months to end-June 1992 Unigroup incurred a pre-tax loss of £794,000 on turnover of £17.8m.

Losses per share were reported as 3.3p.

Following the disposal of the timber products arm, the group consists of two divisional activities: building products and air movement operations.

Michael Smith reports on developments at three electricity industry companies

Scottish Power tops £115m

Scottish Power, the vertically integrated electricity company, increased pre-tax profits from £95.2m to £115.7m in the half year to September 30; the underlying increase, however, adjusted for an exceptional charge last time, was 6.6 per cent.

The interim dividend is raised to 4.13p (3.72p) on earnings per share up 27 per cent to 10.78p (8.49p).

Mr Ian Preston, chief executive, said that as part of the strategy of increasing efficiency the company had reduced the workforce to 7,610, against 9,500 at privatisation two and a half years ago. There were further staffing reductions to come, he added.

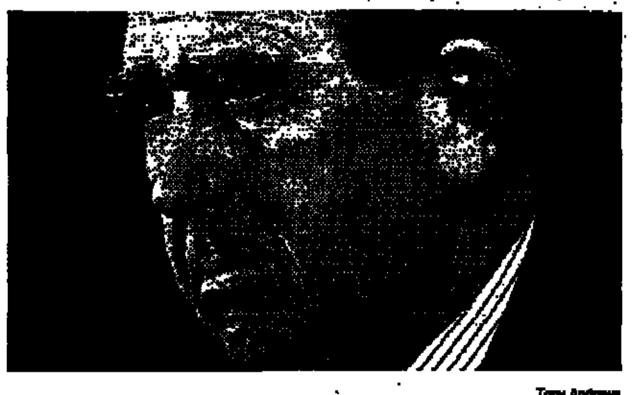
Gearing at the period-end was 2.3 per cent, with net borrowings at £20m, but the company expects that by the year end borrowings will rise to equal last year's £98m, when gearing amounted to 11 per cent.

Mr Preston said improved profitability in the first half reflected higher prices in the English wholesale market.

The upgraded transmission link to England and Wales, completed ahead of schedule and within budget, would increase the company's ability to sell power outside Scotland by 75 per cent from 1994-95.

The retail operation was ahead of this stage in 1992. The company has opened its 100th store and is increasing market share.

The company yesterday announced the appointment of Mr Ian Russell, director of financial control at Tomkins, as finance director.



Tony Andrews

Ian Preston: retail operation is ahead of this stage in 1992

● COMMENT

Scottish Power has effected a significant recovery since its disappointing stock market introduction two and a half years ago and these results demonstrate why. It appears to be one of the few power companies to be making a success of retailing and its contracting arm made profits, if only minimal, this half. The company was yesterday making the most of the reinforced interconnector with England which will enable it to export the equivalent of a third of its Scottish sales. But what most pleases the City is the stick-to-basics approach through which, for example, it has eschewed foreign ventures of the type being pursued by National Power and PowerGen. The company is expected to make £335m to £350m pre-tax for the full year and pay out about 12.4p in dividends. At that level the prospective yield on the shares, down 2¼p to 406½p, is 3.8 per cent. That is below the sector average signifying City approval. However, the shares may suffer if the regulator lifts the cloud over the English generators by deciding against refering them to the Monopolies and Mergers Commission.

National Power moves into Portugal

A consortium led by National Power, the electricity generator, yesterday completed the purchase of the 600MW Pego coal-fired power station in Portugal from Electricidade de Portugal.

The completion represents National Power's second foray overseas and follows a $160m (£107m) acquisition in the US.

The company has said it expects to invest £1bn abroad by the end of the century as market opportunities in the UK diminish.

In Portugal the company is investing about £40m initially. It will own 45 per cent of the Tejo Energia consortium which will own the £710m station.

The other shareholders are Endesa of Spain (35 per cent) and Electricite de France (10 per cent). EDP retains 10 per cent of the station which is about 100 miles north-east of Lisbon on the Tagus River.

Following completion of the deal Tejo Energia entered into a 28-year power purchase agreement. The first 15 years cover an exclusive supply from Pego to EDP.

For the remaining 13 years there is an option to sell the output to third parties "at no increased risk to the consortium".

National Power said performance tests had been completed on the plant's first 300MW generating unit. It is now operational and providing revenue.

The second unit will continue to be constructed by EDP and will be completed by 1995.

Cost cuts boost National Grid

National Grid, the operator of the England and Wales electricity transmission system, benefited from cost cutting to increase pre-tax profits by 9 per cent to £285.3m in the half year to September 30, against £261.6m.

The company also revealed yesterday that Nuclear Electric, the state-owned generator, had increased its market share from 21.4 to 24.9 per cent, a more significant improvement than had been expected.

Nuclear Electric will use its share gain, made mainly at the expense of National Power, to argue for privatisation in the forthcoming nuclear review.

Mr David Jefferies, National Grid chairman, said the rapid changes in the generation market emphasised the need for his company to have flexible control systems.

This was being helped through the opening this year of a new national control centre which employed £32m of software. The system could be operated more remotely and the six satellite centres had already been reduced to four.

National Grid's profits improvement was achieved on turnover ahead 3 per cent from £666m to £687m.

The company declared an interim dividend of £46m, or £920 per ordinary share – a 9.5 per cent increase – for the 12 regional electricity companies which own it.

Mr John Uttley, finance director, said National Grid aimed to pay about a third of dividends at the half year stage.

He said the profits improvement was achieved in spite of tighter regulatory controls on prices and reflected cost reductions more than anything else. The workforce was now 5,100, an 11 per cent reduction on last year.

Mr Jefferies said the aim was to reduce manpower to 4,750 by the year-end and 4,250 by the end of March 1995.

Transmission operating profits rose from £248.1m to £391.6m but the generations/interconnection business suffered a fall from £32.7m to £18.6m.

The fall was partly the result of a less favourable contract from April with Electricite de France. Mr Uttley said generation/interconnection would probably be down at the full year but less so than the half year results suggested.

Royal Bank shares rise on Direct Line advance

By John Gapper, Banking Editor

Direct Line, the Royal Bank of Scotland's private insurance subsidiary, became the largest private motor insurer in the UK in the year to September 30, while more than trebling pre-tax profits to £50.2m, against £15.1m.

Gross premium income was almost doubled at £409.5m (£213.2m). It doubled the number of active private motor policies to 1.25m (670,000) and said it had set a target of writing 1m new motor policies in the coming year.

Total assets grew to £567.9m (£304.3m) while shareholders' funds rose by £86.3m to £168m.

The capital increase included an additional £53m injected by Royal Bank in addition to the £120m injected since Direct Line was founded.

The company achieved more modest growth in household insurance, increasing policies to 273,000 (306,000). It has developed new risk profiles and is now selling household policies as fast as motor policies two years ago.

Mr Peter Wood, chief executive, said it could undercut competitors because it had had a 10.2 per cent ratio of expenses to premium income for motor policies, compared with an estimated industry average of 27 per cent.

Mr Wood said that Direct Line had experienced "truly an outstanding and satisfying year". He said the results showed that critics were incorrect to assert that lower pricing of insurance policies would lead to poorer service.

The number of staff rose to 1,873 at the year end from 1,086. The company opened a new office in Birmingham, and expanded in Glasgow. A fifth regional office is due to be opened in Leeds by the end of this year.

A Direct Line Financial Services arm was launched in the first half of the year, offering personal loans and mortgages among other products. Its results are to be consolidated in Royal Bank's figures which will be released next week.

Mr Wood said there was no conflict between the financial services operation and other Royal Bank operations because there was only a 5 per cent overlap between the two sets of customers, and this figure was "getting less".

Royal Bank shares closed 22p up at 375p.

Shanks & McEwan hit by setback in waste services

By Peggy Hollinger

Shares in Shanks & McEwan fell 22 per cent yesterday as the waste management group revealed significantly lower than expected pre-tax profits for the first half.

The shares dropped 22p to 98p following a 42 per cent drop in pre-tax profits to £9.35m. Turnover fell by 19 per cent to £63.2m. Analysts had been looking for profits of about £13m.

Shanks also warned of a £5m charge to restructure the waste, environmental, and energy divisions. The company said it planned to cut between 90 and 100 jobs from the senior and middle management levels as a result of integrating the three divisions.

Mr Gordon Waddell, chairman, said the rationalisation would result in cost savings of about £5m next year.

He said first half profits had been hit by a sharp decline in the higher margin waste services business and the increased costs of meeting regulation requirements.

Many customers were reducing the amount of waste produced for various reasons, said Mr Waddell, including the effects of recession on trading and a general move to avoid producing unwanted materials.

The worst performer was environmental services, which includes the Rechem company purchased in 1990. Operating profits fell by 29 per cent to £4.58m, on sales 3 per cent lower at £19.8m. Waste services operating profits were £6.58m (£8.19m), on sales of £34.1m. Energy services moved up from near-breakeven to contribute £746,000, with sales of £4.3m (£2.18m).

The profits line was also affected by losses in the construction business, for which Shanks took a £19.3m restructuring and bad debt charge last year. This division incurred a pre-tax loss of £2m. The company said it had recovered £1.7m of the £17m in bad debts for which it had provided. None of this had been written back.

The interim dividend is held at 2.34p, payable from earnings per share down from 6.5p to 3.5p.

● COMMENT

While bad news was widely expected on the construction side, few thought to see such a sharp downturn in volume and margins in the core waste services division. Although the decline appears to have stabilised in the second half, questions remain over the extent to which some business has disappeared for good. Many sizeable customers, such as chemical companies, have been reducing or disposing of waste themselves. On the brighter side, Shanks still boasts good margins and should benefit from cost cutting. As one of the largest waste disposal companies, it is also well placed to benefit from licensing regulations set to begin next year. For those holding the shares at the moment, the yield of 7 per cent may look attractive. Otherwise, the play is on recovery, which still looks to be some way away. Forecasts were pulled back from £26m to £16m for a prospective p/e of about 8.

Thirst for Old Speckled Hen lifts Morland to £9.1m

By Philip Rawstorne

Morland, the Thames Valley-based brewer, trebled sales of Old Speckled Hen, its leading beer brand, in recording a near-20 per cent increase in full year pre-tax profits from £7.62m to £9.12m.

"The results were achieved in the face of a particularly hostile environment both economically and climatically," said Mr Jasper Clutterbuck, chairman.

"Technically, we are told, the recession has ended. There is little indication of that in our market place."

Earnings per share improved 16 per cent to 30.3p (26.1p) and a final dividend of 6.96p increases the total in line with earnings growth to 9.74p (8.4p).

Mr Clutterbuck said the figures, quoted on a pre-FRS 3 basis, gave "a far better measure of the true performance of the company". Under the new accounting standard, pre-tax profits for the year to September 30 rose 60 per cent, from £5.55m to £8.87m; earnings per share were 76 per cent higher at 29.1p (16.5p).

Operating profit, before exceptionals, rose from £8.52m to £11.5m on turnover ahead 24 per cent at £50.9m.

Old Speckled Hen's growth came mainly from trading agreements with national and regional brewers and increasing distribution in the take-home trade, but direct sales to independent pubs were also 14 per cent higher. "It can now claim to be a national brand," said Mr Clutterbuck.

Overall, Morland's ale volumes rose 29 per cent and, with contract brewing for Courage, boosted production at the company's Abingdon brewery by 50 per cent.

Two new ales, after successful test marketing, are to be launched in the new year.

The retail division, comprising 75 managed outlets in the estate of 365 pubs, maintained margins and raised profits 15 per cent. Food now accounts for 26 per cent of turnover. Meals sold through the 11 Artist's Fares catering pubs increased 47 per cent to 450,000.

Morland's tenanted pubs, which contribute 47 per cent of group profits, "traded respectably during a particularly difficult time," said Mr Clutterbuck. The 72 pubs bought from Inntrepreneur Estates last year have been integrated into the estate and are cash positive.

Capital expenditure amounted to £7.7m with £6.3m invested in the pubs and core business.

Macdonald Martin 20% lower at £2.16m

By Philip Rawstorne

Macdonald Martin Distilleries, the maker of Glenmorangie malt whisky, reported a 20 per cent decline in first half pre-tax profits, from £2.69m to £2.16m.

Excluding the extra costs of reducing production at the company's two distilleries, profits would have been 2 per cent ahead – "a satisfactory result in the current economic and whisky industry climate," said Mr Neil McKerrow, managing director.

"While it is difficult to forecast with certainty, we expect a slightly stronger second half performance," he added.

Earnings per A share fell from 13.06p to 10.46p but the dividend is lifted from 2.2p to 2.266p.

Turnover in the six months to September 30 rose from £11.5m to £13.1m. In the UK volume sales of single malt were marginally lower and an increase in own label business was offset by reduced sales of other blends.

UK profits fell under the impact of competitive pricing in blends and increased marketing expenditure for Glenmorangie.

Overseas profits improved, however. Sales of Glenmorangie and Glen Moray malts were 20 per cent higher, helped by the resumption of shipments to the US after over-stocking in that market last year. Sales of bulk blends also increased.

Trading contracts within the industry remained highly competitive and profits from the business declined slightly in spite of increased turnover.

Cater Allen buoyed by discount house side

By Paul Taylor

A particularly strong performance by its discount house business helped Cater Allen Holdings, the financial services group, report a 36 per cent increase in interim profits.

The pre-tax line for the six months to October 31 increased to £9.85m (£7.25m), while an abnormally low tax charge, reflecting a £1m exceptional tax credit, resulted in a 45 per cent increase in attributable profits to £7.48m (£5.16m).

Earnings per share jumped from 21p to 31p and an increased interim dividend of 8p (7p) is declared.

The profits advance was led by the discount house, the second biggest in the City, which reported an 88 per cent increase in pre-tax profits to £4.87m (£2.59m). The performance mainly reflected better trading opportunities in gilt edged securities. Money market operations made a "satisfactory contribution" during a period when there were no base rate movements.

The stock lending and financial futures businesses also thrived. Low interest rates inevitably reduced the return on capital, although this was more than offset by higher volumes. As a result profits from stock lending expanded to £3.75m (£3.09m) while financial futures broking generated £440,000 (£302,000).

In Jersey, lower profits from banking operations were almost offset by growth in the trust and investment management businesses and by "a sparkling result" from the stockbroking subsidiary in its first period of ownership. Overall Jersey profits slipped to £1.91m (£2.11m).

The loss in the group's Lloyd's agencies widened from £838,000 to £1.12m, "slightly greater than expected at this stage", but included a number of special items.

English & Overseas

English & Overseas Properties has received acceptances for 22m ordinary shares (93.6 per cent) of its recent rights issue.

The balance has been sold in the market.

Financial restructuring will enable company to continue trading

European Leisure in the black

By David Blackwell

European Leisure, the debt-laden discotheque and snooker hall operator, has agreed a financial restructuring with its banking syndicate.

Mr Clive Bastin, chairman, warned yesterday that failure to obtain shareholder approval for the proposals would seriously jeopardise the ability of the company to continue trading.

The group also announced a return to the black for the year to the end of June. Pre-tax profits of £221,000 were struck on turnover of £68.4m, compared with a previous loss of £54.9m on turnover of £75.1m.

Existing bank facilities of £79m are almost fully utilised. Under the restructuring the banks, led by Barclays, would convert £20m of the debt into new ordinary and preference shares. The remaining £59m would be put on a four-year term, with £3m of interest rolled up into a convertible loan note over three years.

At the same time convertible unsecured loan stock worth £1.6m would be converted into new ordinary shares, along with 26m convertible preference shares.

In addition an open offer of 175m new ordinary shares would be made to all existing shareholders at 1p. Yesterday the shares closed at 2¼p.

After the completion of the plan in four years there would be 1.6bn ordinary shares in issue. The banks would own between 64 and 71 per cent of the company, depending on the take-up of the open offer.

If the open offer were not taken up, existing shareholders would have 9.9 per cent of the share capital, preference shareholders 9.5 per cent and convertible unsecured loan stock holders 4.8 per cent. Management share option schemes account for the remaining 4.8 per cent.

Under the plan, gearing at the year end would have been 101 per cent, compared with an actual level of 218 per cent.

Source: FT Graphite

The proposals will be put to shareholders on December 21 in Dublin. About 30 per cent of the company is now held by Irish institutions.

European Leisure, which runs the Hippodrome in Leicester Square and the Camden Palace, ran into trouble in the late 1980s following rapid expansion through acquisitions.

Mr Michael Ward, former chairman and chief executive, and two former directors, Mr Jeremy Howarth and Mr George Hendry, were charged in October with conspiracy to defraud, conspiring to create a false market in the company's shares, and theft.

Mr Ian Rock, chief executive since 1991, said yesterday that the group had virtually completed its withdrawal from continental Europe and sold its non-performing UK units.

Mr Bastin said the group now had a good core business – "but clearly we are in the survival business still".

The group operates discotheques and pubs aimed at the youth market, owns the Riley snooker clubs, and designs and manufactures Maygay amusement arcade machines.

Operating profits were £8.43m, up from a previous £7.66m. Losses per share were 1.21p (34.57p).

SB in drug swap with Recordati of Italy

By Paul Abrahams

SmithKline Beecham has revealed its first-ever product swap.

The Anglo-American healthcare group is exchanging co-marketing rights for two of its medicines for development and marketing rights for a drug from Recordati, Italy's eighth-largest drugs group.

SB is licensing in a series of alpha-receptor antagonists being developed by Recordati, including REC 15-2739 which is in early stage development of benign prostatic hypertrophy, a common condition in men over 50. The group will have exclusive worldwide marketing rights except in Italy, Spain, Japan, and either France or Italy.

In exchange, Recordati will co-market two compounds in Italy and Spain. These are epristeride, another compound for BPH, and ropinirole, a treatment for Parkinson's disease. Both are in late stage development. In addition, Recordati will receive milestone payments during REC 15-2739's development and will manufacture the drug.

The market for treatments for BPH is emerging rapidly. Last month, Abbott Laboratories received approval from the US Food and Drug Administration for its drug Hytrin. It will compete directly will Merck's Proscar. Other companies with BPH compounds marketed or in development include Pfizer of the US, Synthélabo of France, and Yamanouchi and Ono of Japan.

Abbott believes that of the 30m men aged over 50 in the US, 10m suffer urinary problems due to BPH. Some analysts believe the potential worldwide market for BPH drugs could reach $10bn (£6.7bn) a year.

Mr Jean-Pierre Garnier, SB's executive vice-president pharmaceuticals, said: "We see these compounds as being complementary to epristeride and an important addition to SB's developing urology portfolio." Epristeride is a 5-alpha-reductase inhibitor and from a different class of drugs from Recordati's medicine.

Recordati is also preparing an alliance in oral healthcare with a Scandinavian company.

GEI's fall to £131,000 hits share price

Sharply lower profits from its processing machinery side left GEI International, the steel and machinery manufacturer, with pre-tax profits of £131,000 for the six months to September 30, against £1.03m.

The interim dividend is passed. There was a 2.47p payment last time. The shares lost 15p to 70p.

Mr Michael Blackburn, chairman, blamed the processing decline on a lack of orders from the pharmaceutical industry and the fact that it had a particularly good result last time.

Packaging machinery profits were slightly down and losses at special steels were cut.

Mr Blackburn said severe pressure remained on margins but orders were now at the same level as last year.

Turnover was £37.6m (£38.2m). Earnings per share came out at 0.21p (1.31p).

Healthcare side behind rise to £19.1m at AAH

By Catherine Milton

AAH, the diversified distribution company, lifted pre-tax profits to £19.1m for the six months to September 30, against £17.5m, in spite of lower trading profits in two small divisions.

Turnover improved to £773.1m (£679.7m).

The board declared an interim dividend of 6p (5.8p) and blamed difficulties in the divisions for a drop in earnings per share from 15.4p to 14.7p.

"The reduction in the performances of our environmental and distribution services divisions, and the absorption of reorganisation costs, have inevitably dampened earnings performance in the first half," said Mr John Padovan, chairman.

He added: "I see a continued solid performance and growth through expansion and otherwise in our health division. The two divisions which have not performed so well this year are likely to return to substantial profitability in the future."

The company's healthcare business, its largest division, lifted trading profits to £16.6m (£13.9m) on sales up at £642.7m (£564.2).

Retail sales were £46.4m (£22m). Over the period AAH acquired 24 new retail pharmacies at a cost of £5.6m, bringing the total to 235. A further 11 had been acquired since the year end.

Environmental services contributed £2.4m (£3m) to trading profits on sales of £38.4m (£34.7m) as wet weather and a reorganisation compounded the deleterious effect of a weak market.

Distribution services, into which the consumer products division is now being integrated, contributed £900,000 (£1.3m) to trading profits on sales of £46.2m (£37.6m).

The replacement for a contract had been delayed and another incurred a significant loss.

Average net debt was £59.8m (£42m) and gearing rose to 37 per cent. Interest payments were £2.5m (£2.2m). Net cash flow from operating activities was negative at £4.7m compared with an inflow of £16m last time.

The company said the difference was partly related to timing but that the working capital in the pharmaceuticals division had increased.

NEWS DIGEST

J Foster cuts loss to £921,000

John Foster & Son, the worsted and mohair cloth manufacturer, cut pre-tax losses from £1.9m to £921,000 for the half year to August 31. Turnover on continuing operations was lower at £8.38m, against £10m.

During the period management continued to slim down the business and further asset sales, including properties, were planned in the second half.

The number of employees now totalled 380 compared with 580 at this time last year and by the year end this should have stabilised at about 230.

The company warned, however, that demand from traditional merchant customers, particularly in Europe and Japan, was not good, while there were a lot of cheap sellers about, particularly from Italy.

Losses per share were 8.4p (16.9p).

Tomkinsons ends year at £1.13m

Continuing its improving trend, Tomkinsons, the yarn and carpet group, reported a 7.8 per cent improvement from £1.05m to £1.13m in pre-tax profits for the year to October 2.

The advance was achieved on turnover up from £19.7m to £20.5m, with exports growing by 24 per cent to £1.7m.

Mr Lowry Maclean, chairman, said the advance had been achieved in the face of increasingly tough competition. The increase in exports and in the group's main Mr Tomkinson branded business were particularly pleasing, he added.

Earnings per share improved to 12.2p (10.3p) and a same again final of 8p is proposed to maintain the total at 11.5p.

Policy Portfolio advances 16%

Policy Portfolio, the market-maker in second hand endowment policies which joined the main market in July, yesterday reported a 16 per cent rise in pre-tax profits from £370,000 to £429,000 in the six months to September 30.

Turnover grew to £5.31m (£3.56m) and included £206,000 of policies purchased on "arms length" terms by certain directors and their families.

Expenses more than doubled to £431,000 (£213,000) as a result of employing more staff – particularly in the sourcing department – and higher marketing costs, to pave the way for future expansion.

Earnings per share fell from 4.5p to 4.3p. An interim dividend of 1.5p is declared.

Sterling Industries down at £1.69m

Sterling Industries, the engineering group with a 9.7 per cent stake in Caledonia Investments, saw pre-tax profits dip from £1.88m to £1.69m for the half year to September 30.

Earnings per share rose from 4.37p to 4.62p and the interim dividend is lifted from 1.5p to 1.8p.

Turnover was down from £18.5m to £18.3m.

Amber Industrial improves to £2.43m

Amber Industrial Holdings, the manufacturer and distributor of speciality chemicals, reported pre-tax profits ahead from £1.47m to £2.43m for the six months to September 30.

The outcome was boosted by a profit of £724,000 on the sale of Causeway Steel Products and was achieved on turnover up from £9.48m to £11.2m.

Earnings per share rose to 42.5p (20p), or 24p (20p) adjusted. The interim dividend is increased to 6p (5.5p).

Warnford Invs dips to £3.47m

Warnford Investments, the property investment group, saw profits before tax dip to £3.47m in the six months to June 24.

The outcome, which compared with profits of £3.67m last time, came from gross rent and service charges of £5.79m (£6m).

After tax and minorities, earnings per share emerged at 6.01p (6.35p). The interim dividend is maintained at 2.75p.

Rise at Leveraged Opportunity Trust

Leveraged Opportunity Trust lifted net asset value per share by 28 per cent, from 99.3p to 127.4p, over the 12 months to September 30.

The company, managed by JO Hambro, reported a net deficit of £77,000 (profits of £10,000), resulting in losses of 1.02p (earnings of 0.13p) per share.

Tay Homes calls for £10.2m via rights

Tay Homes, the Leeds-based housebuilder, is seeking to raise £10.2m net via a 1-for-3 rights issue to strengthen its balance sheet and provide finance for continued expansion.

Up to 7.3m new ordinary shares are to be issued at 145p apiece. The shares slipped 4p to 170p yesterday.

Mr Trevor Spencer, chairman, together with Mr Norman Stubbs, deputy chairman and chief executive, are subscribing in aggregate for 1.48m new shares, 20.2 per cent of the issue.

The balance is underwritten by Kleinwort Benson Securities, who are also brokers to the issue.

Tay's last cash call was in 1987. Since then the number of units sold per year has risen from 540 to 1,107. The landbank has grown from plots available for 2,000 units to plots for some 4,950 units.

Following an autumn period, which was not significantly different from the previous year, unit sales together with sales reservations by mid-November had increased by more than 10 per cent.

The directors said the 1993-94 results "should be positively affected by a continuation of the current reduction in selling and promotional costs per unit, a lower proportion of sales from slower-selling and low margin sites and the fact that the group will be selling from a larger number of sites."

Profits for 1992-93 fell from £4.8m to £3.1m pre-tax on sales of £69.6m (£72.4m).

Merivale Moore property deals

Merivale Moore, the property company, is selling £7.5m of commercial property interests and is acquiring two commercial property portfolios for £12.75m.

The disposals will mean a loss of just £65,000 a year in rental income, the company said, mainly involving the sale of Sovereign House, Cambridge. The other disposal is of a land holding in Oxfordshire and both will be completed next March.

The acquisitions will add £1.47m in rental income in a full year.

COMMODITIES AND AGRICULTURE

Cocoa prices surge on Ivory Coast worries

By Deborah Hargreaves

The cocoa market surged yesterday in busy trading in spite of the New York market being closed for the Thanksgiving holiday. The March futures contract at the London Commodity Exchange gained £29 a tonne to close at the day's high of £1,048 a tonne as traders continued to express concerns about the political situation in the Ivory Coast – the world's largest producer.

Fears for the health of Ivorian President Houphouet-Boigny have been fueled by a total blackout on news concerning him following rumours earlier this week that he was dead. On Monday, near March coffee prices reached a high of £1,056 a tonne, as the market feared political unrest in the Ivory Coast, which has been one of Africa's more stable economies.

Cocoa prices have been buoyed for several months on reports of a deficit in this year's crop. The low estimates for the cocoa harvest have since been upgraded, but the market still believes that the past two years of production deficits could augur a longer term trend.

There are still problems associated with this year's Ivory Coast crop, with reports of poor quality, some late harvesting and a shortage of bags. At the same time, consumption is increasing and processors are eager to stock up on supplies.

"What you're seeing is that the people who need cocoa are doubling up on their cover so that if they don't receive the physical delivery, they could at least take the futures instead", said Mr Tony Chadwick, cocoa trader at Prudential Bache, the London securities house.

But he sounded a note of caution about the bull run. "The higher the price goes, the more likely that countries introduce cocoa butter substitutes," he warned.

Members of the Cocoa Producers' Alliance have agreed to restrict output in an attempt to build on the recent rise in prices. But Indonesia, a large producer but not a CPA member, is refusing to co-operate and is increasing its own production, which could jeopardise the success of the scheme.

● The CPA agreement has no future and will not work, Brazilian cocoa traders insisted yesterday, reports Reuter from Rio de Janeiro.

Alliance members, including Brazil, agreed on Wednesday in Guayaquil, Ecuador, that each would limit its annual production to its average over the past three years.

But Brazil's traders dismissed the plan. "I suppose they're going to tell the trees to stop growing cocoa," said one. "It's a completely stupid plan and when I say that, I'm being diplomatic," he added.

The agreement still has to be approved by the CPA's council of ministers in January before it can come into effect, but Brazil's exporters said that even if that happened, it would not be a guarantee that the plan would work.

"Maybe the agreement will be signed but even so, I can't see any way it will actually function," said one dealer. "It will probably take a few years just for everyone to agree on what is their average for the last three years. How are you going to control what each members' level is?"

New management pulls South African gold mine back from brink

By Kenneth Gooding, Mining Correspondent

A new management team claims it is breathing new life into East Rand Proprietary Mines, one of South Africa's oldest and deepest, which has been at death's door for many years, was about to default on its loans next month and faced closure.

The South African government has in the past rescued ERPM from near-bankruptcy, conscious of the fact that it produced about 40m troy ounces of gold in its 100 years of operation and that there was probably much more to come out.

Mr Glen Laing, recruited five months ago as managing director, said in London yesterday that a new mine plan would boost output from 257,000 ounces this year to nearly 385,000 ounces in 1997. A combination of higher ore grades and increased productivity would cut mining costs from $330 an ounce to $375 during those four years.

The new team had already won agreement from the unions to move to seven-day working instead of the five days traditional in South African mines. This allowed 30 shifts to be worked instead of 24.

Also a bonus scheme was making a substantial impact on productivity. The scheme was based on one used at the Harmony gold mine where productivity – measured in square metres of ore mined per man – improved by 46 per cent in the two years since it was introduced "and saved that mine", said Mr Laing. Mr Deon Le Roux, previously mine manager at Harmony, is now mine manager at ERPM.

The scheme encouraged more effective mining by linking bonuses to the rate of advance into the mine face and the grade of the ore produced. There was also a profit-sharing bonus for all employees.

ERPM, located 25km south east of Johannesburg in the town of Boksburg, once employed 20,000. Now the workforce totals about 6,000. The underground mining lease is the largest of its kind in the world, covering 13km by 8km, of which only half has been mined so far.

The gold comes from ore buried 3km to 3.5km deep. The problems of mining at these depths – rock instability, high temperatures and high humidity – make ERPM a high-risk mining operation.

Mr Laing said ERPM had built up huge debts but the money had gone to complete the so-called Far East vertical shaft system that gave access to higher-grade ore as well as leaving the mine well-equipped in many areas. Now the company is raising R553m via a rights offer which will leave it debt free with about R100 surplus cash in the bank. ERPM is certain of collecting the money because the issue is fully underwritten by Paribas Capital Markets (about 60 per cent of the shares are owned by private French investors) and First-Corp Merchant Bank. Mr Laing was with a "road show" making presentations to investors in the US, London and Paris.

Chilean copper giant faces 'reform or die' challenge

Chuquicamata is struggling with falling ore grades, high costs and low prices, writes David Pilling

At first, there seems to be little logical explanation for the existence of Calama. A thriving town of more than 100,000 inhabitants, it is hemmed in on all sides by the Atacama desert, the driest place on earth.

It is only on careful inspection that one notices, far in the distance, the belching chimney stacks of Chuquicamata, the world's largest copper mine, on which Calama depends.

Without Chuquicamata – the 80-year-old, state-run mine that accounts for 6 per cent of global copper production – the town would sink back into the desert sands. Although the mine employs slightly fewer than 10,000 workers, more than half Calama's population is economically dependent on it.

It is against this background that falling ore grades and high production costs at the mine, coupled with slumping copper prices, become of great concern. Worrying too is the assessment of Mr Raúl Meléndez, head of Chuquicamata's finance department, that: "We have to change the way we operate within five years or we're going to die a natural death".

Part of that change, provoked by growing competition from Chile's private sector mines, involves the break-up of Chuquicamata from next year into seven autonomous business units. The scheme, described as "highly sensitive" by managers, is under discussion with the mine's powerful unions.

The idea is to create an "internal market" by splitting the operation into separate profit centres that will "sell" services to one another, according to Mr Gilberto Ortega, a member of Chuquicamata's finance team. The scheme aims to spotlight inefficiency, judge management performance and introduce market incentives.

"The important thing is that each unit should have its own management and make its own profits. Poorly performing units will have to change or disappear," Mr Ortega says. After a two-year experimental phase, units will be permitted to sell services outside the mine.

It is not yet clear how the theory will work out in practice, given that Chuquicamata operates as an organic process. Rather than expose each unit to the profit-or-die laws of the marketplace, it seems likely that the new structure will be used to pinpoint areas where savings can be made.

Unions are likely to oppose such reforms, which may be regarded as a potential assault on jobs and pay. Worse still, the planned reorganisation smacks of privatisation by stealth.

Managers speak, however, of a "cultural shift" among Chuquicamata's workers, who they say are increasingly open to change. Evidence of this came earlier this year when workers signed a three-year wage agreement. Unlike 1991, when there was a two-week strike in pursuit of better pay and conditions, workers this year settled for a deal that merely kept pay in line with inflation.

There is growing recognition that Chuquicamata must become more efficient if it is to survive, managers say. Such sentiments have been sharpened by the association last month of Codelco, the state-owned copper concern, with a US/Canadian consortium for the development of the huge El Abra mine.

Chuquicamata, the biggest copper mine in the world, accounts for 6 per cent of global production

As Codelco's first joint venture, the $1bn project is being trumpeted as a great leap forward. Chile will receive $404m in return a 51 per cent stake. Without investing so much as a peso, the country will collect 49 per cent of profits. Moreover, El Abra copper will be produced at 40-45 cents a pound, compared with an average of 69 cents over Codelco's four divisions.

Chuquicamata, with production costs of about 58 cents a pound, remains Codelco's most cost-effective mine. However, that figure is partly disguised by extremely low-cost metal derived from Mina Sur, the mine's rich oxide deposit.

Copper from Chuquicamata's main sulphide mine, a terraced pit measuring 2km by 4km, is increasingly expensive to produce as the mine deepens and ore grades decline. Standing beside the gouged and dynamited hole – at the base of which towering trucks appear the size of ants – it is easy to appreciate the difficulty of keeping costs in check.

In addition to the mine reorganisation, managers intend to cut staff. They hope that through early and disability retirement, plus a hiring freeze, the workforce can be reduced by nearly 1,500 to 8,575 by 1995. There is also likely to be a crack down on what managers regard as lost time during shift changeovers.

Chuquicamata's non-core infrastructure, which includes housing, schools and sports facilities, is also to be scrutinised. The site hospital alone, which guarantees free medical treatment to staff and their families, costs $15m a year. "We're looking into ways of reducing these costs," says Mr Meléndez.

Chile's government, which controls Codelco's investment budget, has made it clear that it expects cost-cutting. Mr Eduardo Frei, almost certain to be president after elections in December, recently told an election rally: "Those copper companies that are incapable of producing at less than 60 cents a pound are going to collapse".

Politicians are also using El Abra as a rod with which to beat Chuquicamata, the management of which is desperate to develop the replacement ore bodies of Radomiro Tomic and Mansa Mina. Currently the law prohibits these deposits, regarded as belonging to Chuquicamata, from being developed in association with foreign partners. But no one doubts the desire of many politicians to scrap that stipulation.

"If Codelco wants to develop new mines on its own it will have to transform itself radically in terms of productivity and efficiency," said Mr Alejandro Foxley, finance minister. As the government diverts money to social programmes, the budget left over for Codelco is barely sufficient to implement environmental clean-ups and to keep mines ticking over.

In the meantime, it is not merely the inhabitants of Calama who are relying on the continued profitability of Chuquicamata, the backbone of the Chilean economy. Although low copper prices have severely dented profits, Chuquicamata still accounts for around 7 per cent of Chile's GDP.

Whether the government opts to keep the mine entirely in state hands or to broaden its scope for attracting foreign capital is still up for debate. What is certain, however, is that the next administration will do all it can to prevent its most important asset from suffering a slow and painful death.

Caribbeans relieved at capping of Mexican sugar exports to US

By Canute James in Kingston

Caribbean sugar producers, who had feared the loss of their United States market to Mexico when the North American Free Trade Agreement is implemented, are breathing more easily following the capping of Mexico's exports to the US for the first six years of the agreement.

The Caribbean exporters, whose production costs have consistently outstripped world market prices, have managed to preserve their industries with preferential prices paid for shipments under quota to the European Union and the US.

Pressure from US legislators representing sugar producing states has led to a cap of 7,258 tonnes a year on Mexican sugar exports to the US for the first six years of Nafta.

Caribbean producers, excluding Cuba, have a total US quota of 225,508 tonnes for the 1993-1994 crop year, following a 16 per cent reduction of last year's quota by the US Department of Agriculture. The holders of US quotas are Barbados, Belize, the Dominican Republic, Guyana, Jamaica and Trinidad and Tobago.

"There is some doubt as to whether the Mexican industry can reach the degree of efficiency which will allow it to produce significantly more than its quota in the short term," said Mr Frank Downie, chief executive of the Sugar Industry Authority of Jamaica. "Current quota holders are unlikely to be affected by the Mexican industry for many years."

The Caribbean sugar industry had feared that the implementation of Nafta would have allowed Mexico's sugar industry unlimited access to the US, depriving the Caribbean producers of a valuable market.

Under the new arrangements, Mexico will be allowed to ship 25,000 tonnes per year to the US market if its industry produces a surplus. After the first six years, the limit will be raised to 150,000 tonnes and the market will take everything produced if there is a surplus for two consecutive years then.

The US and Mexico are to phase out barriers to sugar trade over a 15-year transitional period, starting next year. During that period, Mexico will be able to export more than its current quota of 7,258 tonnes to the US only if it becomes a net exporter of sugar.

The US and Mexico agreed to consider Mexico's consumption of high fructose corn syrup production in determining whether the country was a net sugar exporter. That was a response to concern in the US industry that Mexico would have a sugar surplus if it substituted high fructose corn syrup for sugar.

The Caribbean industry is not unduly worried about the Nafta provisions that allow Mexico to export up to 250,000 tonnes a year to the US if the country becomes a net exporter. "The US quota holders feel relatively safe from these arrangements," said Mr Downie. "Not many in the sugar industry expect Mexico to become a net producer of sugar for many years to come."

Mexico is expected to import about 440,000 tonnes of sugar next year. Consumption is expected to rise steadily, increasing demand for imports and putting the country further away from being a net producer.

Caribbean industry officials say that even if the Mexican industry can ship 250,000 tonnes to the US each year, the reduction will be shared by all current quota holders.

● The combination of a tight supply/demand balance and "an ever widening circle of uncertainty" are continuing to support world sugar prices, according to London trader E.D. F. Man, our commodities staff writes.

But this bullish scenario is "dented" by the possibility of an escalating surplus of white (refined) sugar, the trader says in the latest issue of its monthly Sugar Situation report.

"A tight raw sugar situation may emerge particularly in the first half of next year," the report says. But "the apparently ever tightening white sugar supply picture was not justified by offtake, in the short term at least, in the short term at least."

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1039-40	1059.5-60.5
Previous	1038-9	1059.5-60
High/low		1068/1056
AM Official	1040-0.5	1061-1.5
Kerb close		1057-7.5
Open int.	250,151	
Total daily turnover	48,866	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	923-5	946-7
Previous	932-4	954-5
High/low	928/920	955/945
AM Official	920-3	942-5
Kerb close		945-50
Open int.	2,552	
Total daily turnover	603	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	403-4	416.5-7
Previous	400.5-1	414-5
High/low		417/416
AM Official	403-3.5	416.5-7
Kerb close		416-7
Open int.	26,130	
Total daily turnover	2,914	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	4681-3	4740-5
Previous	4685-90	4745-8
High/low	4690	4770/4720
AM Official	4690-1	4750-5
Kerb close		4765-75
Open int.	47,171	
Total daily turnover	3,494	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4585-90	4635-40
Previous	4560-70	4610-20
High/low		4665/4590
AM Official	4580-5	4632-5
Kerb close		4660-5
Open int.	15,504	
Total daily turnover	1,782	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	919.5-20.5	937-7.5
Previous	915.5-6.5	933.5-4
High/low		940/936
AM Official	919-9.5	937-7.5
Kerb close		936-7
Open int.	82,087	
Total daily turnover	15,151	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1631.5-2.5	1654-5
Previous	1629.5-30.5	1653-3.5
High/low	1627.5/1627	1656/1649
AM Official	1627.5-8	1650.5-1
Kerb close		1653-4
Open int.	202,528	
Total daily turnover	55,998	

Base metals continued

■ LME AM Official £/$ rate: 1.4865
LME Closing £/$ rate 1.4890

Spot: 1.4884 3 mths: 1.4815 6 mths: 1.4761 9 mths: 1.4714

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	377.40-377.80	
Opening	377.10-377.50	
Morning fix	377.10	253.820
Afternoon fix	3778.0	253.832
Day's High	377.80-378.20	
Day's Low	376.10-376.50	
Previous close	375.80-376.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.89	6 months	2.73
2 months	2.71	12 months	2.78
3 months	2.71		

Silver Fix	p/troy oz.	US cts equiv.
Spot	312.30	464.20
3 months	316.05	467.60
6 months	319.90	471.40
1 year	327.55	479.95

Gold Coins	$ price	£ equiv.
Krugerrand	379.00-382.00	255.00-258.00
Maple Leaf	388.75-391.20	
New Sovereign	88.00-91.00	59.00-62.00

ENERGY

■ CRUDE OIL IPE ($/barrel)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	14.58	-58	14.70	14.18	78,319	47,975
Feb	14.78	-57	14.95	14.46	28,831	12,734
Mar	14.99	-56	15.11	14.70	10,350	3,212
Apr	15.24	-54	15.35	14.91	5,804	1,932
May	15.45	-48	15.51	15.05	3,109	251
Jun	15.61	-44	15.70	15.27	3,727	352
Total					134,253	66,579

■ GAS OIL IPE ($/tonne)

Dec	162.00	-4.50	162.00	158.50	36,533	10,679
Jan	157.75	-6.25	158.50	155.50	29,898	10,490
Feb	155.50	-6.25	158.25	153.50	15,815	3,530
Mar	153.25	-6.50	153.75	151.25	11,151	3,913
Apr	152.25	-5.75	152.75	150.25	4,656	2,321
May	152.25	-5.75	153.00	151.00	2,931	723
Total					112,869	33,864

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	100.35	-	-	-	1,393	-
Mar	101.85	+0.20	101.75	101.55	1,982	50
May	103.80	+0.25	103.80	103.80	1,423	85
Jun	104.45	-	-	-	103	-
Sep	91.00	-	-	-	80	-
Nov	91.90	-	-	-	220	-
Total					5,211	135

■ BARLEY LCE (£ per tonne)

Jan	103.75	-0.10	104.00	103.90	383	47
Mar	105.75	-	105.90	105.90	468	20
May	107.40	-	-	-	190	-
Sep	93.25	-	-	-	3	-
Nov	95.00	-	-	-	10	-
Jan	-	-	-	-	-	-
Total					1,054	67

■ POTATOES LCE (£/tonne)

Mar	101.0	-	-	-	20	-
Apr	89.1	+0.4	89.2	89.0	1,518	5
May	107.5	-	-	-	398	-
Jun	125.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					1,898	5

■ FREIGHT (BIFFEX) LCE ($10/index point)

Nov	1265	-5	1274	1265	269	13
Dec	1258	-2	1265	1255	197	61
Jan	1265	-4	1259	1255	1,075	30
Apr	1273	-	-	-	699	-
Jul	1152	+8	1154	1148	228	12
Oct	1325	+5	1325	1325	189	30
Total					2,661	146

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	995	+22	1000	980	11,869	639
Mar	1049	+29	1050	1020	45,319	6473
May	1049	+28	1049	1030	17,461	2031
Jul	1047	+25	1048	1027	6,368	237
Sep	1043	+25	1043	1023	9,678	89
Dec	1023	+22	1023	1006	13,026	206
Total					146,466	9,811

■ COFFEE LCE ($/tonne)

Nov	1252	-	1270	1264	162	31
Jan	1268	-7	1272	1265	14,622	308
Mar	1238	-1	1239	1233	13,628	472
May	1209	-1	1211	1208	5,035	62
Jul	1205	-2	1210	1206	377	24
Sep	1203	-1	1206	1208	624	5
Total					34,749	922

Softs continued

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	10.63	+0.06	10.63	10.60	1,098	90
May	10.93	+0.11	10.93	10.92	692	125
Jul	11.14	+0.10	11.17	11.17	2,616	50
Oct	10.93	+0.02	10.93	10.93	45	10
Total					4,461	275

■ WHITE SUGAR LCE ($/tonne)

Mar	279.60	+0.80	280.00	279.00	8,864	216
May	281.30	+0.60	281.00	280.70	1,694	120
Aug	285.10	-	-	-	1,477	-
Oct	272.60	-0.10	272.00	272.00	1,699	2
Dec	272.10	-	-	-	89	-
Mar	274.20	-	-	-	15	-
Total					13,738	338

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Jan	Apr	Jan	Apr
1025	39	66	11	19
1050	24	51	21	28
1075	13	36	35	40
■ COPPER (Grade A) LME	**Jan**	**Apr**	**Jan**	**Apr**
1600	58	94	13	26
1650	28	64	38	46
1700	11	41	66	72
■ COFFEE LCE	**Jan**	**Mar**	**Jan**	**Mar**
1200	51	101	12	64
1250	28	77	28	90
1300	14	58	65	121
■ COCOA LCE	**Mar**	**May**	**Mar**	**May**
925	115	127	21	29
950	98	111	29	38
975	82	96	38	49
■ BRENT CRUDE IPE	**Jan**	**Feb**	**Jan**	**Feb**
1550	15	-	131	110
1600	6	28	-	-
1650	4	12	-	-

Wool

Last Week saw the Australian market begin to ease after several weeks of rising prices, which took the market indicator up by 100 cents from the season's low point of 411c/kg in August. This week the decline accelerated and clearances at auction deteriorated at the same time. The market indicator yesterday reached 489c/kg, and at Melbourne and Fremantle around 30pc of the offering was passed in. The setback was not unexpected but is proving rather sharper than many traders thought probable.

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jan)

		+or-
Dubai	$12.81-2.98	-0.67
Brent Blend (dated)	$14.35-4.37	-0.71
Brent Blend (Jan)	$14.55-4.57	-0.77
W.T.I. (1pm est)	-	-

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$160-162	-5
Gas Oil	$168-169	-4.5
Heavy Fuel Oil	$63-60	-2.5
Naphtha	$145-148	-5
Jet fuel	$183-185	-4.5

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$377.60	+1.60
Silver (per troy oz)♣	465.5c	
Platinum (per troy oz.)	$373.25	+0.50
Palladium (per troy oz.)	$126.00	+0.90
Copper (US prod.)	79.6c	
Lead (US prod.)	32.75c	
Tin (Kuala Lumpur)	11.60r	-0.21
Tin (New York)	213.5c	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	121.98p	+2.74*
Sheep (live weight)†♠	91.71p	+5.17*
Pigs (live weight)	73.84p	+3.20*
Lon. day sugar (raw)	$262.30	+4.60
Lon. day sugar (wte)	$287.00	+2.00
Tate & Lyle export	$288.0	+4.00
Barley (Eng. feed)	£109.50y	
Maize (US No3 Yellow)	£123.00	
Wheat (US Dark North)	£175.00	
Rubber (Dec)♥	80.25p	
Rubber (Jan)♥	80.50p	
Rubber (KL RSS No1 Jul)	206.0m	
Coconut Oil (Phil)§	$505.0t	+15.0
Palm Oil (Malay.)§	$382.5y	+5.0
Copra (Phil)§	$317.50	
Soyabeans (US)	£205.0	
Cotton 'A' Index	58.20c	
Wooltops (64s Super)	344p	-6

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Mar. z Jan. v Sep/Oct. t Dec/Jan. x Nov/Dec. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

INDICES

■ REUTERS (Base: 18/9/31=100)

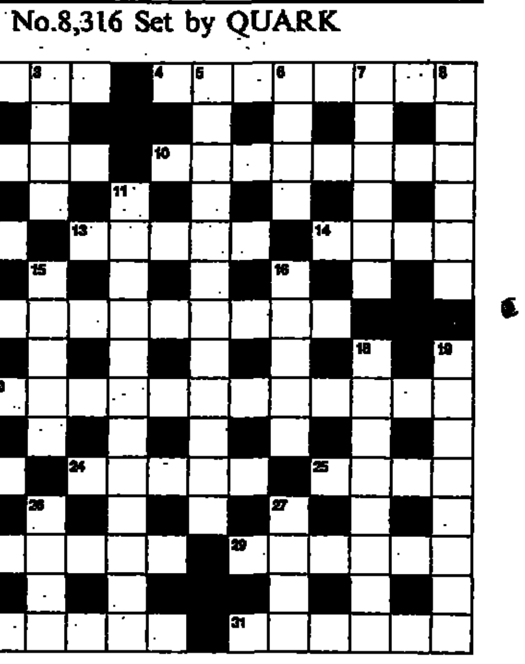
Nov 25	Nov 24	month ago	year ago
1627.0	1619.9	1605.4	1654.1

■ CRB (Base: 4/9/56=100)

Nov 24	Nov 23	month ago	year ago
222.53	222.18	-	203.22

CROSSWORD

No.8,316 Set by QUARK



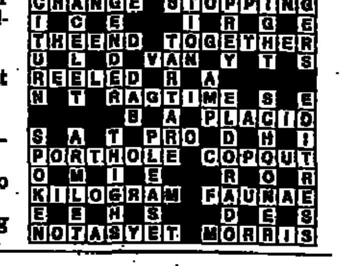
ACROSS

1 Mysterious small drop in Open University initially, officer (6)
4 Swimmer shows way to press on (8)
9 A number assume it links muscle to bone (6)
10 Foreign office order West to vary introductory remarks (8)
12 Favourite messenger holds this piece of news (4)
13 Previously superior (5)
14 It's an insult returning the cakes (4)
17 Double game with leaders replaced by Henry and mark, in disorder (6-6)
20 Influence for reform produced if down perhaps? (4,2,6)
23 Actual old coin providing dance music, say (4)
24 Rigorous concert violinist (5)
25 A cleaner burn (4)
28 British? The home could be a big thing (8)
29 More reasonable anger when in distant surroundings? (6)
30 Noel made fizzy drink (8)
31 Long account brought about short sleep (6)

DOWN

1 Bowled perhaps? Correct – entirely (8)
2 Come together to study to get an edge (8)
3 The game's up for the ring (4)
5 Entire food provided in this public way (12)
6 Study, say, a kind of grass (4)
7 Book departure (6)
8 Medicine not available? Could be a bit knotty (6)
11 Order English permit, dated and planned in advance (12)
15 Tries to pull round in exam repeat (5)
16 Some ethyl ether can produce forgetfulness (5)
18 Forward the cricket score being pursued (2,3,3)
19 Sweet? Fruit – just a small quantity (4,4)
21 Of a group bowled in the Test (6)
22 Blossom over the border in a state of disorder (6)
26 The final word (4)
27 The girl's getting over a festive occasion (4)

Solution 8,315



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE 100 Index reaches for the 3,100 mark

By Terry Byland,
UK Stock Market Editor

The closure of the New York markets for the Thanksgiving Day break left UK equities free yesterday to respond to factors closer to home. A change of view in the options and stock index futures sectors, backed up by favourable company trading news, was enough to send the FT-SE 100 Index in search of the 3,100 mark. At best, the index was within seven points of its target, finally closing 25.9 up at 3,093.1. The December future on the Footsie succeeded in breaking through 3,100 in late trading.

Traders took a cautious view of the sudden recovery in share prices, stressing that the big institutional investors were still unwilling to deal ahead of next Tuesday's Budget speech from Mr Kenneth Clarke, the UK chancellor of the exchequer. Marketmakers are keeping dealing books closely trimmed and a wave of arbitraging operations from the stock index futures market caught them by surprise yesterday morning.

However, Seaq volume increased to 696.3m shares, from 483.5m on Wednesday, with several basket trades marching across the trading screens. Retail, or customer, business was worth £1.36bn on Wednesday, indicating that underlying activity remains healthy, if not as high as a few weeks ago. The FT-SE Mid 250 Index gained 14.5 at 3,445.2.

Weakness in oil shares, following a heavy fall in crude prices after the Organisation of Petroleum Exporting Countries failed to cut production levels, contrasted sharply with the rest of the stock market. Turnover in oil stocks was very heavy as New York's holiday closure put London in the front line.

Account Dealing Dates		
*First Dealings:		
Nov 15	Nov 29	Dec 13
Option Declarations:		
Nov 25	Dec 9	Dec 30
Last Dealings:		
Nov 26	Dec 10	Dec 31
Account Day:		
Dec 6	Dec 20	Jan 10

*New time dealings may take place from two business days earlier.

Some analysts suggested that the oil price collapse, while not good for sterling, would benefit the industrial economies and might bring a stronger trend on Wall Street when it re-opens today. UK traders, who had assumed that Wall Street would remain out of the market equation until Monday, moved quickly into the blue chip international stocks yesterday afternoon.

The lead was taken by ICI as a leading UK investment bank switched to a highly bullish stance on the shares. Not everyone in the City agreed with Warburg's reasoning but, nevertheless, the jump in ICI shares was worth two points on the Footsie at the end of the day.

Reuters moved up smartly on hopes of strength on Wall Street. Pharmaceutical stocks were relatively cautious although Glaxo found some supporters.

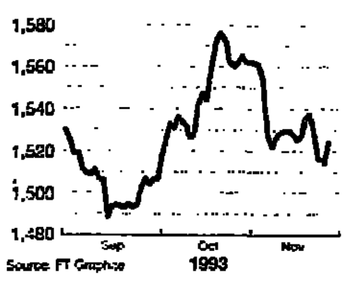
The building sectors found a strong lead in excellent trading results from BPB and, encouraged also by this week's half point reduction in domestic interest rates, moved up sharply.

While realising that this week's rate cut has effectively ruled out the likelihood of a cut in the Budget, UK equity strategists are convinced that there is still room for base rates to come down to 4 per cent, or even lower, during 1994.

But retail and store shares, still wanting to see genuine signs of an upturn in both consumer confidence and spending patterns, made little improvement. However, there was a good deal of activity in the brewing sector where hints of a large inter-corporate deal have been circulating.

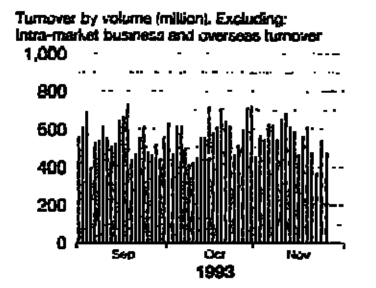
Traders were inclined to see the performance in the market yesterday as a reminder that, with trading books tight and heavy defensive positions built up in both traded options and stock index futures, share prices can turn very sharply on any change in confidence.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT SE 100	3093.1	+25.9	FT Ordinary index	2355.2	+25.3
FT-SE Mid 250	3445.2	+14.5	FT-A 500 p/e	19.74	(19.60)
FT-SE-A 350	1542.4	+11.5	FT-SE 100 Fut Dec	3108.0	+38.0
FT-A All-Share	1525.84	+10.63	10 yr Gilt yield	6.70	(6.73)
FT-A All-Share yield	3.74	(3.76)	Yield ratio:	1.93	(1.93)

Best performing sectors

1 Chemicals .... +2.6
2 Building Materials .... +2.5
3 Metals & Met. Forming .... +1.7
4 Brewers & Distillers .... +1.5
5 Hotels & Leisure .... +1.5

Worst performing sectors

1 Oil & Gas .... -0.5
2 Insurance (Composite) .... -0.3
3 Textiles .... -0.2
4 Electricity .... -0.1
5 Merchant Banks .... +0.1

Strong session for ICI

ICI was at the front of the market yesterday with an advance of 45 to 719p, fuelled by bullish speculation on the prospects for the company's petrochemicals business on the part of S.G. Warburg analyst Mr Michael Stone.

He told Warburg's sales force at the morning meeting that Europe's ethylene producers were likely to succeed in their attempt to control supply and that ICI could benefit to the tune of an extra £100m on its trading profits as early as 1995.

His briefing followed a meeting of the Association of Petrochemicals Producers in Europe (APPE), after which most petrochemicals groups said they were optimistic about getting agreement to cut back production next month.

Other brokers, even those who are ICI buyers, were keen to knock down the tale. One said: "If the rise is in direct response to the APPE, it is grossly overdone. That is, in our view, a total over-reaction to the news."

But UK equity market specialists said that if the plan is agreed by producers, the European Commission still has to grant it approval. Also, overproduction in ethylene is a global problem, with European manufacturers tending to be smaller and less efficient than those in the US and the Far East.

Oils savaged

Opec's move to hold its output ceiling at 24.5m barrels a day drew gasps of despair from oil sector specialists and was accompanied by a steep slide in oil shares. The oil sector was easily the worst performer in the FT-SE Actuaries indices, posting a 1.3 per cent decline, against the FT-SE 100's near 1 per cent rise.

Crude oil prices, already sliding before the Opec meeting in Vienna, came under relentless pressure yesterday, retreating to around the $14 a barrel level at one point, the lowest level for around five years. Many analysts adopted an extremely bearish view of the short and medium-term outlook for oil prices, saying that the current situation bears a striking resemblance to that of 1986 when Opec failed to get a grip on supply and crude prices fell to around $8 to $9 a barrel.

Specialists said that although weak oil prices would inevitably impact on the majors, it would be the exploration and production stocks, such as Lasmo and Enterprise, which would suffer the most. Traders pointed out that Lasmo was by far the most heavily traded stock in the oil sector yesterday, with turnover reaching 13.5m – the highest single day's trade since early October. Lasmo lost 6 to 128p.

"Lasmo's final dividend is now under extreme threat," said one analyst, who pointed out that the company had emphasised it would maintain the payment "barring extenuating circumstances".

"It is very likely that we will be looking at extenuating circumstances," was the view of the analyst.

Enterprise Oil shares were equally mauled, closing 15½ lower at 439½p on heavy turnover of 1.5m. BP, vulnerable to weak oil prices, performed creditably, closing only marginally easier at 342p, while Shell slipped 3 to 684p.

Drinks alert

Strong suggestions that PepsiCo, the US soft drinks giant, was considering buying Britvic were heard, although company sources later denied the story. In spite of this, analysts said they expected a shake-up to Britvic's unusual shareholdings in the near future.

PepsiCo already has a 10 per cent stake in Britvic, the other holders being Bass (45 per cent), and Allied-Lyons and Whitbread (22.5 per cent each). With such a diversity of owners, Britvic's development has been held back, with some suggestions from brokers that a flotation – which would value the group at around £300m – may be the best option. In a strong drinks sector, Allied rose 8 to 553p, Whitbread 2 to 518p and Bass 5 to 477p.

BPB shares were among the market's best performers, climbing 21, or over 8 per cent, to 278p, after turnover of 6.6m, after the group delivered much better than expected interim profits and an increase in the dividend.

The BPB figures coupled with reports of an 8.5 per cent year-on-year jump in German housing starts and increasing hopes of another cut in German interest rates triggered a flurry of heavy buying interest throughout the building sectors. Redland and RMC were the big beneficiaries of the German stories, the latter jumping 26 to 878p and the former 22 to 563p after heavy turnover of 6.9m.

A further burst of switching, out of PowerGen and into National Power, as institutions continued to view the price differential between the two stock prices as unsustainable.

The latter closed a shade firmer at 399½p on 5.2m traded but the former retreated 8 to 449p on 3.9m.

Respectable results but a gloomy statement sent Hazlewood Foods into retreat and prompted a raft of downgrades and change of stance from several of the stock's former supporters. The shares fell 7 to 141p, with analysts predicting a dull time for the immediate future. Revisions of forecasts for the full-year came in around £52m, a fall of some 10 per cent.

A trade of 7.5m shares at 335p in United Biscuits – over 1.5 per cent of the company – threw the company's brokers, financial PR and countless food manufacturing analysts into confusion; the report should have read "750,000". The Stock Exchange later admitted to a mistake, but said the error would not be posted until today. UB shares closed 2 down at 335p in turnover of 4.3m.

The drugs sector saw some movement in smaller stocks, with AHH, the diversified distribution company, closing down 13 at 482p on results short of consensus expectations against yesterday's general market gains. Bespak, the healthcare manufacturing group, also came off against the trend. The thinly-traded stock fell 8 to 300p with analysts citing general concern about the company which made a profits warning earlier this month.

Glaxo was up 16 at 651p but the City said this was part of a general recovery in the sector which has been lagging the market in recent weeks.

Printers had a largely quiet day apart from St Ives which rose 13 to close at 293p on the day. Institutions said the industry was more confident about advertising revenue than it had been for a while.

Ruberoid's return to the market, after being demerged from Tarmac, saw the shares heavily traded and move up from an opening 161p to touch 165p before closing at 163p. The stock was issued at 150p a share. Turnover of 12m shares, was the fourth heaviest in the market yesterday. The day's other debut stock was Biotrace, the biotechnology company, which traded up to 145p after 7.2m shares were placed at 130p. Volume was just under 1m shares.

MARKET REPORTERS:
Christopher Price,
Catherine Milton,
Steve Thompson.

■ Other statistics, Page 23

■ NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (50).
AMERICANS (1) Verity. BANKS (1) Ryl Bk of Scotland. BLDG MATLS (9) BPB, Blue Circle, Do 7¾pc Pf., Brit. Dredging, Caradon, Marley, Marshalls 6¼pc Pf., RMC, Sharpe & Fisher. ELECTRICITY (1) China Light. ELECTRONICS (3) Acal, Druck, Vtech. ENG AERO (1) Rolls Royce. ENG GEN (2) SEP, Sterling. HOTELS & LEIS (1) Rank Organ. 8¼pc Pf. INV TRUSTS (14) China Inv., Do Wts., Fleming Chinese, Fleming Emrg. Mkts., F & C Emrg. 6¼pc Cv '10, Gartmore Emrg. Pacific, Do Wts., Jersey Phoenix, Mid Wynd, Murray Smlr. Mkts., Do B, South Amer. Fd. Wts., Tor Inv., Whitbread Inv. MEDIA (4) Anglia TV, Euromoney Public., LWT Southnews. MISC (1) McLeod Russel. MOTORS (3) BBA, Dixon Mtrs., Volkswagen. OIL & GAS (3) Amnex, Command, Victoria. OTHER FINCL (2) Caledonia Inv., Camellia. PACKG, PAPER & PRINTG (1) Arjo Wiggins Appleton. PROP (2) Grainger, Warner Est. SOUTH AFRICANS (1) Tongaat-Hulett.

NEW LOWS (20).
BREWERS (2) Grand Met., Taunton Cider. ELECTRICALS (2) Beales Hunter, Burnfield. ENG GEN (1) GEI. FOOD MANUF (2) Hazlewood Yorkshire. FOOD RETAILING (2) Geest, Kwik Save. HEALTH & HSEHOLD (1) Haemocell. HOTELS & LEIS (3) Brent Walker, Euro Disney, European Leis. INSCE BROKERS (1) Alex. & Alex. INV TRUSTS (2) Broadgate Inv., Murray Split Cap. MTL & MTL FORMING (2) Apollo Metals, Tripler Lloyd. MISC (1) Shanks & McEwan. STORES (1) Burton.

Data based on those Companies quoted on the London Share Service.

EQUITY FUTURES AND OPTIONS TRADING

Good volume in the futures market belied a somewhat featureless session yesterday enlivened only by a very large order from one leading UK house, *writes Christopher Price*.

The December FT-SE 100 contract opened in muted trading, with business being executed in a narrow range of 2,968 to 2,978.

Anticipation of a dull day's business proved shortlived however as a large buy order from one UK investment bank was seen in the late morning. This sent December smartly forward and encouraged a flurry of other buyers to come into the arena.

The contract immediately jumped to a hefty premium against the cash market and at its best was trading 17 points ahead. Bear covering was also said also to have added impetus to the rise, which in the absence of Wall Street was maintained for the rest of the session.

The contract finally closed at 3,108, up 38 points on the previous session and around 11 points over its fair value, currently standing at just over 4. Turnover was a healthy 12,289 contracts.

Dealers said that derivatives trading was likely to remain directionless ahead of the UK Budget, with minds concentrated on squaring up positions prior to Tuesday. And with Wall Street expected to be muted, domestic considerations are likely to be further reinforced.

In traded options, turnover reached just over 37,000, around one-third of which was made up of FTSE contracts. The Euro-FTSE recorded turnover of 2,509 contrcats.

Among stock options, BT headed the list on 2,106, followed by British Steel with 1,777 and Redland at 1,428.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3070.0	3108.0	38.0	3112.0	3067.0	13430	54587
Mar	3091.0	3126.0	38.5	3125.0	3091.0	2262	13465
Jun	3099.0	3138.0	38.5	3099.0	3099.0	1	981

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3092) £10 per full index point

	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P
Dec	217½	10½	171½	14	130	20½	87½	32½	55	51½	33	79	18	113½	8	159½
Jan	237	26	194½	32½	156	44	119	58½	88	77	63	102½	43	133½	29½	171½
Feb	253	33½	213½	43½	175½	55	140½	70½	108½	90	83	114	60½	143	43	178
Mar	261	40	223	51½	186	64	152½	81	121½	99	94	123½	71	150½	52½	184
Jun†	289½	63	-	-	217½	89	-	-	153	125	-	-	105	178½	-	-

Calls 2,250 Puts 9,890

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Dec	197½	13½	150½	18	108½	26½	80	37½	41½	60½	22½	89½	10½	128½	4½	171½
Jan	214½	27½	174½	36½	137½	49	104½	65½	76	86½	52½	115	34½	144½	21½	181
Feb	235	39½			169	62			98½	100			65½	156		
Mar	245½	48½			178½	72			110	109½			84	182		
Jun†	270	68			200	93			143	133			98	185		

Calls 374 Puts 2,085 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol 000s	Closing price	Day's change
ASDA Group†	15,000	52¾	+½
Abbey National†	2,500	408	+3
Albert Fisher	2,800	59	-1
Allied-Lyons†	2,700	583	+8
Anglian Water†	2,800	544	+6
Argos	344	336	+2
Argyll Group†	3,700	259	-3
Arjo Wiggins†	3,300	235	+1
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Nov 25	Day's chge%	Nov 24	Nov 23	Nov 22	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3093.1	+0.8	3067.2	3069.3	3070.8	2741.8	3.84	5.68	21.83	87.79	1128.54
FT-SE Mid 250	3445.2	+0.4	3430.7	3439.2	3435.4	2618.6	3.54	5.73	21.23	88.18	1245.70
FT-SE Mid 250 ex Inv Trusts	3444.3	+0.4	3429.8	3437.8	3435.4	2621.6	3.66	6.15	19.93	90.40	1241.13
FT-SE-A 350	1542.4	+0.7	1530.9	1532.8	1532.7	1323.5	3.77	5.69	21.69	42.81	1152.86
FT-SE SmallCap	1736.19	—	1735.66	1741.40	1745.53	-	3.17	3.92	34.96	39.85	1312.33
FT-SE SmallCap ex Inv Trusts	1711.69	-0.1	1712.88	1719.87	1724.88	-	3.39	4.37	32.39	41.92	1298.47
FT-A ALL-SHARE	1525.84	+0.7	1515.21	1517.06	1517.41	1297.56	3.74	5.58	22.21	41.91	1160.74

■ FT-Actuaries All-Share

	Nov 25	Day's chge%	Nov 24	Nov 23	Nov 22	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
1 CAPITAL GOODS(215)	1062.92	+0.9	1053.79	1053.24	1051.87	776.35	3.86	3.95	33.09	30.66	1261.82
2 Building Materials(28)	1256.95	+2.5	1226.15	1222.31	1209.85	755.61	3.65	2.78	51.45	32.11	1469.09
3 Contracting, Construction(29)	1024.92	+0.8	1016.65	1016.39	1016.35	645.83	3.09	1.22	80.00†	24.23	1432.30
4 Electricals(15)	2883.67	+0.1	2880.16	2882.56	2867.69	2162.33	4.69	3.68	33.41	105.80	1181.00
5 Electronics(39)	2816.88	+0.7	2797.02	2785.57	2784.49	2206.81	3.11	5.90	20.72	88.48	1236.33
6 Engineering-Aerospace(7)	465.06	+0.4	463.40	457.65	461.65	247.80	3.11	‡	‡	12.12	1631.34
7 Engineering-General(48)	615.90	+0.3	614.12	612.83	613.66	454.46	3.52	5.53	22.04	15.80	1242.17
8 Metals & Metal Forming(8)	460.54	+1.7	453.03	453.09	454.45	286.06	2.84	‡	‡	7.90	1460.23
9 Motors(20)	454.21	+0.5	451.94	457.74	457.24	321.44	4.67	4.04	34.39	19.41	1277.32
10 Other Industrials(19)	2058.96	+0.1	2055.91	2061.61	2084.43	1794.31	4.81	6.05	19.53	71.86	1074.64
21 CONSUMER GROUP(236)	1672.05	+0.8	1658.06	1664.52	1666.25	1690.08	3.57	6.79	17.81	43.43	980.92
22 Brewers and Distillers(28)	1850.33	+1.5	1822.43	1827.85	1830.72	2021.52	4.06	8.38	14.42	48.55	908.82
25 Food Manufacturing(24)	1319.63	+0.2	1317.25	1314.42	1317.17	1258.85	3.95	7.28	16.29	34.79	1024.69
26 Food Retailing(17)	2413.82	+0.2	2409.40	2399.96	2416.22	3041.46	3.96	10.77	11.53	61.47	760.33
27 Health & Household(31)	3503.28	+0.8	3475.12	3506.85	3503.37	4988.51	3.89	8.75	17.26	103.65	850.55
29 Hotels and Leisure(20)	1385.93	+1.5	1366.04	1375.86	1390.55	1178.06	4.26	5.83	21.58	53.05	1126.83
30 Media(34)	2184.14	+0.7	2168.09	2181.75	2161.09	1665.43	2.36	4.65	26.02	38.30	1221.27
31 Packaging and Paper(26)	897.57	+0.6	892.25	893.87	889.99	732.82	3.38	5.17	23.37	22.41	1181.75
34 Stores(39)	1315.41	+1.0	1302.25	1314.07	1312.39	1095.72	2.79	5.41	23.26	29.05	1162.74
35 Textiles(20)	831.31	-0.2	832.57	834.01	829.68	689.50	3.75	5.56	22.83	22.30	1144.49
40 OTHER GROUPS(143)	1668.96	+0.9	1653.99	1663.97	1661.35	1394.09	3.95	6.67	17.53	44.97	1198.37
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied-Lyons	550	40½	53½	58	9	17	29
(*582)	600	12½	27	32	35	42½	56
Argyll	240	24	31½	35½	6½	10½	16½
(*259)	260	12	21	25	15½	19½	27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Lasmo	120	17½	20½	24	6½	1½	13½
(*127)	130	12	16	19	12	18	19
Lucas Inds	160	22½	28½	30	6½	9½	12½
(*173)	180	10½	15	19½	16½	19½	22½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	40	15	23
Other Fixed Interest	4	7	4
Commercial, Industrial	308	218	903
Financial	55	36	77
Property	19	17	98
Investment Trusts	112	45	374
Oil & Gas	15	31	34
Mines	30	30	80
Others	52	43	57
Totals	635	442	1,650

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt cap (£m)	1993 High	1993 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	41.3	102	94½	Masthead Insce.	96		-	-	-	-
100	F.P.	56.1	97	92	New London Cap	93½		-	-	-	-
230	F.P.	81.9	253	233	Roxboro	234	-1	NR1.9	5.7	1.0	18.5
150	F.P.	78.6	165	160	Ruberoid	163		R5.4	1.9	4.1	15.5
135	F.P.	25.3	141	141	Smaller Co's Tst C	141		-	-	-	-
100	F.P.	46.5	98	92	Syndicate Cap.	93		-	-	-	-
-	F.P.	1.5	32	23	Do Warrants	30		-	-	-	-
100	F.P.	61.2	102	102	Throg Prfd Inc	102		-	-	-	-
§180	F.P.	27.9	198	183	Towry Law	183		LN4.6	2.2	3.1	18.0
-	F.P.	24.4	111	102	Ugland Intl	102	-1	-	-	-	-
100	F.P.	46.5	96	93	Wigmore Prop.	93	-1	-	-	-	-
-	F.P.	3.1	31	28	Do Warrants	31	+2	-	-	-	-

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993 High	1993 Low	Stock	Closing price p	+or-
¼	Nil	23/12	1¼pm	½pm	Ferromet	1¼pm	
11	Nil	23/12	¼pm	¼pm	Graystone	¼pm	
3¼	Nil	23/12	½pm	½pm	IMC Inds	½pm	
100	Nil	4/1	5pm	3pm	Raglan	3pm	-1
44	Nil	8/1	21½pm	10pm	‡Rhino	11pm	
85	Nil	12/1	6pm	¼pm	Scottish Metrop.	5pm	
485	Nil	24/11	86pm	58pm	Siebe	64pm	
-	Nil	8/12	11pm	2pm	Ugland Intl	2pm	-1
375	Nil	25/11	47pm	38pm	Wilson Bowden	39pm	
152	Nil	14/1	23pm	11pm	Wyevale Garden	12pm	

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Nov 25	Nov 24	Nov 23	Nov 22	Nov 19	Yr ago	*High	*Low
Ordinary share	2355.2	2329.9	2328.0	2328.2	2357.6	2056.0	2414.2	2124.7
Ord. div. yield	3.96	4.01	4.01	4.00	3.95	4.52	4.52	3.82
Earn. yld. % full	4.56	4.62	4.62	4.67	4.62	6.18	6.38	4.47
P/E ratio net	27.54	27.20	27.20	26.78	27.11	20.69	28.30	19.40
P/E ratio nil	25.54	25.22	25.22	24.84	25.15	19.05	26.14	18.14
Gold Mines	235.6	236.5	242.9	247.8	245.3	66.77	249.6	60.0

*For 1993. Ordinary share index since compilation: high 2414.2 31/8/93; low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Ordinary share base date 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2326.5	2333.6	2331.9	2338.5	2350.7	2350.8	2350.5	2350.9	2355.0	2355.5	2326.5

	Nov 25	Nov 24	Nov 23	Nov 22	Nov 19	Yr ago
SEAQ bargains	27,842	25,045	27,509	27,069	25,275	26,987
Equity turnover (£m)†	-	1380.0	1581.9	925.2	1173.4	1281.7
Equity bargains†	-	29,993	32,250	29,390	29,474	30,850
Shares traded (m)†	-	496.9	563.3	383.7	479.2	589.2

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		19[illegible]	+1[illegible]	20[illegible]	15[illegible]	16,424	2.3
Allegheny & W	♥	462p	-11	722p	399p	284.7	4.3
Amdahl		363p	+40	587p	234p	409.4	0.9
Amer Cyanamid		35[illegible]	[illegible]	38	31[illegible]	3,155	3.3
Amer Express		20[illegible]	[illegible]	25[illegible]	14[illegible]	8,925	3.3
Amer T & T		37[illegible]	[illegible]	43[illegible]	33[illegible]	50,388	2.4
Ameritech		51[illegible]	[illegible]	58[illegible]	49	22,803	4.8
Anheuser-Busch		33[illegible]	[illegible]	41[illegible]	29[illegible]	9,305	2.9
BankAmerica		28[illegible]	[illegible]	35[illegible]	27[illegible]	10,221	3.2
Bankers NY		50[illegible]	[illegible]	54[illegible]	42[illegible]	4,194	4.1
Bell Atlantic		38[illegible]	[illegible]	44[illegible]	32[illegible]	17,117	4.5
BellSouth		37[illegible]	[illegible]	42[illegible]	32[illegible]	18,848	4.9
Bethlehem Steel	♥	11[illegible]	[illegible]	13[illegible]	8[illegible]	1,052	-
Bowater		1345p	+9	1682p	1189p	487.4	3.0
CPC		31[illegible]	[illegible]	34[illegible]	28	4,798	2.7
California Engy		1195p	—	1479p	1056p	217.6	-
Chase Manhattan		22[illegible]	[illegible]	24[illegible]	17[illegible]	3,483	3.6
Chrysler		36[illegible]	[illegible]	39	21[illegible]	10,633	1.1
Citicorp		23[illegible]	[illegible]	26	13[illegible]	8,590	-
Colgate-Palm		39[illegible]	—	45[illegible]	32	6,247	2.5
Cont'l Bank		1672p	+57	1657p	1278p	1,888	2.4
Dana		38[illegible]	[illegible]	39[illegible]	29[illegible]	1,858	3.0
Data General		647p	+11	951p	527p	178.5	-
Decora Inds	♥	100p	—	145p	98p	-	-
Dun & Brad		43	—	45[illegible]	37[illegible]	7,887	3.6
Eaton		34[illegible]	[illegible]	37[illegible]	25[illegible]	2,374	2.3
Echlin		22[illegible]	[illegible]	22[illegible]	15[illegible]	1,293	2.1
FPL		24[illegible]	[illegible]	27[illegible]	23[illegible]	4,473	6.7
Ford Motor		41	-1[illegible]	43[illegible]	23[illegible]	20,171	2.6
Gen Elect		65[illegible]	[illegible]	67[illegible]	53[illegible]	56,153	2.6
General Host	♥	604p	+9	723p	456p	-	4.5
Gillette		42[illegible]	—	43[illegible]	31[illegible]	9,270	1.3
Hasbro		20[illegible]	—	20[illegible]	20[illegible]	1,819	0.5
Honeywell		21[illegible]	[illegible]	26[illegible]	20[illegible]	4,548	2.9
Houston Inds		30[illegible]	[illegible]	33[illegible]	28[illegible]	3,998	6.5
Ingersoll-Rand		25	[illegible]	25[illegible]	19[illegible]	2,624	1.9
Lockheed		47[illegible]	—	47[illegible]	35[illegible]	2,949	3.0
Lowe's		3504p	-40	3548p	1573p	2,556	0.6
Maxwy Technology		318p	-16	432p	127p	-	-
Merrill Lynch		60[illegible]	+1	66[illegible]	37	9,671	1.8
Morgan (JP)		46[illegible]	[illegible]	52[illegible]	38[illegible]	8,933	3.4
Morris (Philip)		37[illegible]	[illegible]	52[illegible]	28	32,808	4.7
NYNEX		29[illegible]	+1	32[illegible]	26[illegible]	5,880	5.5
Pall		12[illegible]	—	15	10[illegible]	1,485	[illegible]
Pennzoil		39[illegible]	[illegible]	47[illegible]	31[illegible]	1,792	5.1
Quaker Oats		48[illegible]	[illegible]	50[illegible]	39[illegible]	3,492	2.9
Quester		225p	—	687p	[illegible]	22.2	-
Rockwell		23[illegible]	[illegible]	24[illegible]	18[illegible]	5,071	2.9
Rep NY		30[illegible]	[illegible]	37[illegible]	29[illegible]	1,609	2.4
Sears, Roebuck		36[illegible]	[illegible]	39[illegible]	19[illegible]	9,517	3.9
Sthwestern Bell	h	27[illegible]	—	30[illegible]	25[illegible]	16,455	3.7
Sun Co		21[illegible]	[illegible]	21[illegible]	[illegible]	2,311	5.5
Tenneco		33[illegible]	[illegible]	36[illegible]	25[illegible]	5,611	3.2
Texaco		44[illegible]	[illegible]	48[illegible]	37[illegible]	11,417	4.8
Time Warner		29[illegible]	[illegible]	30[illegible]	15[illegible]	11,537	0.7
Unitab	♥	394p	—	509p	355p	179.4	-
US West		31	[illegible]	38	24[illegible]	12,849	4.6
Varity		2656p	+17	2856p	1686p	803.1	-
WMX Technologies		18	[illegible]	27[illegible]	16[illegible]	8,801	2.2
Whirlpool		3967p	-93	4577p	2824p	2,773	2.0
Woolworth	♥	15[illegible]	[illegible]	21[illegible]	14	2,011	5.0

CANADIANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Amer Barrick		1815p	-7	2007p	990[illegible]p	5,174	0.3
Bk Montreal	h	12[illegible]	[illegible]	14[illegible]	11[illegible]	3,202	4.4
Bk Nova Scot		1429p	-5	1538p	1111p	3,002	4.0
BC Gas	♥	828p	[illegible]	876p	[illegible]	-	3.7
BCE		23[illegible]	[illegible]	26[illegible]	20[illegible]	7,083	5.9
Brascan	♥	765p	[illegible]	774p	454p	630.9	2.9
Breakwater	♥	7[illegible]p	[illegible]	18[illegible]p	4[illegible]p	4.77	-
Can Imp Bk		1517p	—	1749p	1229p	3,152	4.4
Can Pacific		1145p	-4	1182p	810p	3,652	1.4
4pc Deb		47[illegible]	—	48[illegible]	33	22.2	8.7
Dertan	♥	253p	-2	297p	164p	-	5.6
Echo Bay	♥	841p	+6	972p	255p	939.1	0.7
Gulf Can	♥	240p	-5	304p	147p	330.7	-
Hawker Sid	♥	12[illegible]	[illegible]	14[illegible]	10[illegible]	103.5	4.3
Hudson's Bay	♥	1979p	-3	2063p	1455p	591.1	2.0
Imperial Oil	♥	23[illegible]	[illegible]	26[illegible]	20[illegible]	4,506	4.0
Inco		16[illegible]	[illegible]	17[illegible]	[illegible]	1,784	1.6
Nova Corp Alberta		463p	+9	527p	410p	1,385	2.6
Rio Algom	♥	955p	+5	1096p	805p	417.7	[illegible]
Royal Bk Can		1334p	-4	1492p	1125p	4,187	4.4
TVX Gold	♥	411p	-16	465p	129[illegible]p	550.9	-
Toronto-Dom		1037p	+5	9960p	755p	3,122	3.7
Trans Can Ppe	♥	999p	[illegible]	1119p	847p	1,750	4.2

BANKS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£24	[illegible]	£25[illegible]	£19[illegible]	6,687	4.4	12.8
ANZ A$		211	+3	218	132	2,760	4.2	♦
Abbey National		406	+3	439	345	5,322	3.6	15.1
Allied Irish IE		268	+2	290	179	1,784	3.9	12.7
Anglo Irish IE		63	—	66	32	76.6	6.9	♦
Asahi Y		732	-14	844	415	16,984	0.6	-
Banco Bil Vic Pta		£14[illegible]	[illegible]	£17[illegible]	[illegible]	3,438	5.5	6.5
Banco Sant Pta		£31[illegible]	[illegible]	£36	[illegible]	3,527	4.2	[illegible]
Bk Ireland IE		274	—	295	[illegible]	1,287	4.6	20.2
Bank Leumi (UK)		350	—	350	[illegible]	37.7	6.1	-
Bank Scotland		190	-4	199	115[illegible]	2,205	3.1	25.8
[illegible]								

BUSINESS SERVICES
[illegible]

CHEMICALS
[illegible]

CONGLOMERATES
[illegible]

CONTRACTING & CONSTRUCTION
[illegible]

BREWERS & DISTILLERS
[illegible]

BUILDING MATERIALS
[illegible]

ELECTRICALS
[illegible]

ELECTRICALS - Cont.
[illegible]

ELECTRICITY
[illegible]

ELECTRONICS
[illegible]

ENGINEERING-AEROSPACE
[illegible]

ENGINEERING-GENERAL
[illegible]

ENGINEERING-GENERAL - Cont.
[illegible]

FOOD MANUFACTURING
[illegible]

FOOD RETAILING
[illegible]

HEALTH & HOUSEHOLD
[illegible]

HOTELS & LEISURE
[illegible]

HOTELS & LEISURE - Cont.
[illegible]

INSURANCE BROKERS
[illegible]

INSURANCE COMPOSITE
[illegible]

INSURANCE LIFE
[illegible]

INVESTMENT TRUSTS
[illegible]

INVESTMENT TRUSTS - Cont.
[illegible]

to proceed.
In the Ukraine, unable and Electricité de France, too [illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+or-	high	low	Mkt Cap£m	Yld Gr's
Europa Minls	34	+1	42	15	18.4	–
Glencar Expl I£	11	—	12	6	2.03	–
Greenwich Res	15¾	—	22¼	5	12.5	–
Harmo Gold C$	98⅞	–⅛	99⅛	93½	695.3	1.5
Ivernia West I£	39	—	57	31	19.8	–
Kells Minls I£	14	—	14	6	0.34	–
Kenmare	9½	—	13½	6	9.61	–
Malinga Res.	7½	—	25½	7	0.83	–
Navan Res I£	104	—	104	25	28.7	–
5pc Ln Notes	99	—	99	25	17.8	–
Oryx Gold	45	—	76½	27	–	–
††Ovoca Res I£	10	—	10	3½	0.70	–
RTZ	782	+9	746	607	7,469	4.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ɸ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to *same degree of regulation as listed securities.*
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xß ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT7030. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (‡) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sun Life Trust Mngmt Ltd (1200)H

101, Cannon St, London EC4N 5AD

PDFM Unit Managers Ltd

Barclays Life Assur. Co Ltd - Contd.

Combined Life Assurance Co

15 Wheatfield Way, Kingston upon Thames, Surrey KT1 2PA. 081-546 7733

Commercial Union Group

St Helen's, 1 Undershaft, London EC3 071-283 7500

General Portfolio Life Insce Plc - Contd.

Legal & General

Manchester Unity Assurance - Contd.

Pearl Assurance - Contd.

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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J Rothschild Assurance PLC - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Funds				
[illegible] Managed cap	135.1	142.5	-0.10	-
[illegible] Managed acc	143.7	151.3	-0.20	-
[illegible] cap	125.4	132.1	-0.30	-
[illegible] acc	133.4	140.5	-0.30	-
[illegible] cap	160.3	168.8	+0.80	-
[illegible] Acc	170.5	179.5	+0.80	-
Deposit cap	101.8	107.2	—	-
Deposit acc	108.3	114.0	—	-
Far East cap	157.5	165.8	-0.30	-
Far East acc	167.4	176.3	-0.20	-
Gilts cap	120.1	126.5	+0.40	-
Gilts acc	127.7	134.5	+0.40	-
Greater European cap	133.8	140.9	-0.40	-
Greater European acc	142.4	149.9	-0.40	-
North American cap	149.5	157.4	+1.40	-
North American acc	158.6	167.4	+1.50	-
UK Equity cap	126.6	133.3	-0.20	-
UK Equity acc	134.7	141.8	-0.20	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		735.0	—	-
Multi Gwth A Cap	462.6	487.1	—	-
Multi Gwth A Accum	735.1	773.8	—	-
Op Prop	449.8	473.4	—	-
Op Equity	851.2	896.0	-1.0	-
Op High Yld	590.5	621.6	+0.2	-
Op Man	746.7	786.0	-0.3	-
Op Dep	380.3	400.4		-
Op Inc Dist	221.0	232.7	-0.7	6.344
Op Int Man	445.6	469.0	+0.5	-
Op Emerging Co's	431.4	454.2	-0.8	-
Op Money	106.0	111.6	—	-
European	122.3	128.8	—	-
Pension Funds				
Property Ser B	829.4	873.1	+0.1	-
Equity Ser B	2765.0	2900.0	-13.7	-
Fixed Interest Ser B	1116.0	1174.8	+0.2	-
Managed Ser B	1442.8	1518.9	-3.4	-
Deposit Ser B	814.6	857.4	+0.6	-
Money Ser B	107.1	112.8	—	-
Property Ser D		218.2	—	-
Equity Ser D		190.9	-0.9	-
Fixed Interest Ser D		263.7	+0.1	-
Managed Ser D		189.2	-0.4	-
Deposit Ser D		247.6	+0.2	-
Money Ser D		115.4	—	-

Scottish Provident Group - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Funds				
With-Profits Ord	200.7	211.3	—	-
Managed Ord	314.8	331.4	+0.1	-
Blue Chip Ord	144.5	152.8	-0.6	-
Equity Ord	330.9	348.4	-0.3	-
International Ord	338.6	354.8	+0.8	-
Property Ord	260.2	286.5	+0.1	-
Fixed Interest Ord	304.7	320.2	-0.1	-
Index-linked Ord	202.1	212.8	-0.3	-
Cash Ord	232.9	260.3	—	-
Building Society Ord	191.6	201.7	—	-
American Performance Ord	198.7	209.3	+1.0	-
Europe Performance Ord	113.8	119.8	+0.2	-
Far East Performance Ord	141.4	149.0	+0.3	-
Worldwide Performance Ord	154.1	162.3	+0.1	-
Scottish Provident Assurance Ltd Funds (formerly Pacific Life & Pensions Ltd)				
Life Funds				
Adventurous Mngd	191.7	204.0	+0.6	-
Balanced Gwth Mngd	759.7	808.2	+0.5	-
Cautious Mngd	141.6	150.8	+0.1	-
Fixed Interest	458.4	481.0	-0.1	-
[illegible] Fund 20	480.4	511.1	+0.3	-
Equity	902.6	960.2	+1.7	-
International	405.9	431.8	+0.6	-
Property	227.4	242.0	—	-
Cash	327.9	348.8	—	-
Special Situations	608.5	648.3	+0.6	-
High Income	668.6	711.8	-0.6	-
Extra Income	361.4	384.5	-0.6	-
Convertible & Gilt	177.0	188.3	—	-
Pref & Fixed Interest	125.1	133.1	—	-
Recovery	139.8	148.3	—	-
UK Blue Chip	128.0	136.0	—	-
American Income	211.6	225.2	+1.3	-
North American	340.5	375.0	+4.1	-
Far Eastern	576.7	612.8	+0.8	-
European	144.8	153.9	+0.1	-
Technology	524.4	557.9	+8.4	-
Equity Income Dist	110.7	134.2	—	4.53
Managed Dist	111.2	118.4	—	5.17
High Yield Dist	106.9	112.7	—	6.89
Pension Funds				
With-Profits Acc	200.6	211.4	+0.1	-
Adventurous Managed Acc	208.1	229.2	+0.6	-
Balanced Growth Mgd Acc	904.9	952.9	+0.6	-
Cautious Managed Acc	169.6	178.3	+0.1	-
Fixed Interest Acc	728.3	766.7	-0.3	-
Equity Acc	1284.2	1267.8	+2.8	-

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

FT MANAGED FUNDS SERVICE

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TSB Trust Funds - Contd.

JERSEY (REGULATED)(**)

Barclays Intl Funds

Cater Allen Investment Management (CI)

Citibank (CI) Ltd "Citifunds"

Citibank N.A.

Coutts & Co (Jersey) Fund Managers Ltd

LUXEMBOURG (SIB RECOGNISED)

Barclays Inv Funds (Luxembourg)

CMI Asset Management (Luxembourg) SA

Commercial Union Luxembourg SA (u)

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund (u)

For Latin American Securities see Foreign & Colonial

Liberty ALL-STAR World Ptfio-Eqty Fd(u)

Lloyds Bank Luxembourg

LUXEMBOURG (REGULATED)(**)

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Rate cut rumour hits DM

With the US market closed for the Thanksgiving holiday, flows of money were restricted and some currencies were vulnerable to rumour yesterday. The D-Mark was volatile, falling sharply at one stage on misinterpretation of a comment from the Bundesbank, *writes Peter John.*

The German currency had been lifted in late European trading on Wednesday after Mr Hans Tietmeyer, the president of the Bundesbank, said increasing caution was needed by the central bank in its interest rate policy to avoid pushing up long-term rates over which it has no direct control.

Then, yesterday morning, a news agency reported that Mr Johann-Wilhelm Gaddum, Bundesbank vice-president, had said money market rates could fall to around 4 per cent. The possibility of weaker rates prompted the German currency to slide against the dollar, the pound and the French franc. It was also weaker against the Swiss franc but more as a result of strength in the Swiss currency than D–Mark weakness.

Shortly afterwards, it was stated that the report on money market rates was the result of a translation error. By that time, however, German regional inflation figures from North Rhine-Westphalia and Bavaria had been announced.

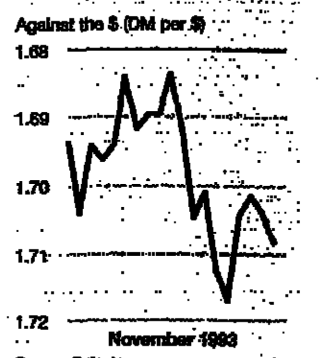
The data suggested annualised price rises for November might have fallen to 3.7 per cent from October's 3.9 per cent.

They encouraged hopes of a further cut in interest rates that could regenerate the economy and possibly prompt a re-evaluation of the currency. However, some economists said the Bundesbank had been obliged to inject emergency liquidity into the money markets yesterday, suggesting it would be difficult to bring the repo rate down from its current 6.25 per cent.

Against sterling, the D-Mark fell a pfennig to DM2.5425 while against the dollar it slipped to DM1.7085 from DM1.7025. It has traded within a narrow range with the dollar for some weeks holding between DM1.68 and DM1.72 but analysts see it continuing

D-Mark

Against the $ (DM per $)



Source: Datastream

■ **Pound in New York**

Nov 24	— Close —	— Prev. close —
£ spot	1.4885	1.4885
1 mth	1.4855	1.4823
3 mth	1.4811	1.4780
1 yr	1.4670	1.4636

to weaken towards the higher end of the scale and a shift through DM1.7050 yesterday was significant for chart specialists.

The Swiss franc edged back after economic data from Basle suggested a big drop in inflation. The currency closed at SFr0.878 to the D–Mark against SFr0.877 previously.

■ The French franc was helped by an announcement from the Bank of France that it had repaid 80 per cent of the debt it incurred at the end of July through borrowings from the European Monetary Co-operation Fund.

The money had been borrowed to fight off heavy selling of the French franc ahead of the widening of the European exchange rate mechanism divergence bands at the beginning of August.

Economists said the debt repayment was signalled in details provided by the Bundesbank's weekly balance sheet a few days beforehand but it was still good for sentiment.

The franc improved to FFr3.4650 to the D-Mark from FFr3.4680 previously. Analysts who examine currency movements on the basis of chart trends see the franc attaining FFr3.44 soon.

■ Among Mediterranean currencies, the Spanish peseta lost ground against the D-Mark as one investment house was said to be recommending a switch from Spanish government bonds to Italian paper.

There is concern over strikes in Spain at the weekend in reaction to the proposed social pact on wages and jobs. Italy has its own political problems but economists were saying that they were now discounted following sharp falls in Italian shares, government bonds and the currency on Tuesday.

The falls followed extremist victories in local elections which led to fears of general political uncertainty ahead of next year's national elections and an uncertain passage for the 1994 budget.

The Italian lira, which hit a new record low earlier this week, was littled changed at L989.40 to the D–Mark. The peseta dropped to Pta81.90 against the D-Mark at one stage but closed at PTa81.51 against Pta81.36 previously.

■ Sterling consolidated gains achieved after the most recent cut in base rates which had long been discounted by money market rates. Further helped by the concerns emanating from Germany it reached DM2.5430 at one stage, a level which chart specialists see as a significant breakthrough point.

The pound rose marginally against the dollar to $1.4885 and the sterling exchange rate index, which measures the pound against a basket of leading currencies, lifted to 81.7 from 81.6 previously.

In the UK money markets, easy conditions ahead of the next week's Budget saw overnight lending rates trade down to around 4 per cent. The Bank of England forecast a liquidity shortage of £1.35bn which later revised down to £1bn and dealt with at the earliest opportunity.

The central bank bought £730m of short-dated band one bank bills at the established 5⅜ per cent rate and £270m of bills for resale to the market in equal amounts on December 13 and 14 at 5$\frac{9}{32}$ per cent.

The short sterling contract which expires on December 15 was discounting interest rates of 5.4 per cent, little changed since the base rate cut at the beginning of the week. However, some dealers pointed out that the three-month interbank rate of 5⅜ per cent was, unusually, below short sterling.

POUND SPOT FORWARD AGAINST THE POUND

Nov 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.875	+0.07	860 - 890	17.89	17.78	17.88	-0.3	17.8962	-0.5	-	-	114.8
Belgium	(BFr)	53.75	+0.1	700 - 800	53.85	53.60	53.88	-2.9	54.06	-2.3	54.41	-1.2	112.3
Denmark	(DKr)	10.08	+0.0275	075 - 085	10.0875	10.0450	10.108	-3.3	10.1515	-2.8	10.2385	-1.6	114.5
Finland	(FM)	8.657	+0.0095	642 - 672	8.6750	8.6250	-	-	-	-	-	-	78.8
France	(FFr)	8.8075	+0.0275	802 - 813	8.8225	8.7750	8.818	-1.4	8.837	-1.3	8.852	-0.5	107.0
Germany	(DM)	2.5425	+0.01	540 - 546	2.5600	2.5300	2.5448	-1.1	2.5479	-0.8	2.5459	-0.1	124.3
Greece	(Dr)	364.3	+1.7	950 - 650	364.900	362.200	-	-	-	-	-	-	-
Ireland	(I£)	1.055	+0.0025	054 - 056	1.0580	1.0505	1.0559	-1.0	1.0571	-0.8	1.0602	-0.5	102.1
Italy	(L)	2515.25	+12.5	750 - 750	2518.50	2500.50	2522.85	-3.6	2537.9	-3.6	2593.25	-3.1	76.1
Luxembourg	(LFr)	53.75	+0.1	700 - 800	53.85	53.60	53.88	-2.9	54.06	-2.3	54.41	-1.2	112.3
Netherlands	(Fl)	2.855	+0.0125	850 - 860	2.8625	2.8400	2.8561	-0.5	2.8586	-0.5	2.8551	0.0	119.3
Norway	(NKr)	11.045	+0.0375	040 - 050	11.0550	10.9850	11.0351	1.1	11.0332	0.4	11.0427	0.0	95.9
Portugal	(Es)	259.75	+1.25	250 - 250	260.50	256.50	261.11	-6.3	263.28	-5.4	-	-	-
Spain	(Pta)	207.25	+1.25	100 - 400	207.70	205.60	207.99	-4.3	209.345	-4.0	214.09	-3.3	86.1
Sweden	(SKr)	12.48	+0.0225	475 - 485	12.4975	12.4400	12.505	-2.4	12.5415	-2.0	12.65	-1.4	73.1
Switzerland	(SFr)	2.2325	+0.0125	227 - 237	2.2375	2.2175	2.2312	0.7	2.2277	0.9	2.2044	1.3	114.8
UK	(£)	1	-	000 - 000	-	-	-	-	-	-	-	-	81.7
Ecu	-	1.3235	+0.004	323 - 324	1.3245	1.3185	1.3252	-1.5	1.3282	-1.4	1.3331	-0.7	-
SDR†	-	0.9328	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.484	-0.0025	484 - 485	1.4860	1.4620	-	-	-	-	-	-	-
Brazil	(Cr)	335.705	-0.615	700 - 710	338.000	335.100	-	-	-	-	-	-	-
Canada	(C$)	1.979	-	979 - 980	1.9810	1.9715	1.9765	1.5	1.9727	1.3	1.9675	0.6	91.2
Mexico	(New Peso)	4.6175	-0.002	614 - 621	4.6315	4.6085	-	-	-	-	-	-	-
USA	($)	1.4885	+0.0005	488 - 489	1.4900	1.4845	1.4856	2.2	1.4814	1.9	1.4670	1.4	66.9
Pacific/Middle East/Africa													
Australia	(A$)	2.233	-0.007	232 - 234	2.2400	2.2320	2.2316	0.8	2.2292	0.7	2.2261	0.3	-
Hong Kong	(HK$)	11.4885	-0.018	488 - 490	11.5035	11.4715	11.4683	2.1	11.4347	1.9	11.3416	1.3	-
India	(Rs)	46.65	-0.025	600 - 700	46.70	46.55	-	-	-	-	-	-	-
Japan	(Y)	161.25	+0.25	750 - 750	161.75	160.50	160.835	3.1	159.99	3.1	156.3	3.1	181.3
Malaysia	(M$)	3.7955	-0.0045	795 - 796	3.8000	3.7910	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.7095	-0.005	707 - 711	2.7130	2.7050	2.7104	-0.4	2.7112	-0.3	2.7176	-0.3	-
Philippines	(Peso)	42.15	+0.7	100 - 200	42.20	42.05	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.577	-0.0095	576 - 577	5.5835	5.5690	-	-	-	-	-	-	-
Singapore	(S$)	2.374	-0.004	374 - 375	2.3765	2.3715	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0075	+0.002	006 - 009	5.0135	4.9950	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5205	+0.051	513 - 528	6.5300	6.4550	-	-	-	-	-	-	-
South Korea	(Won)	1201.1	-2.05	900 - 300	1202.50	1199.50	-	-	-	-	-	-	-
Taiwan	(T$)	40	-0.075	950 - 050	40.05	39.95	-	-	-	-	-	-	-
Thailand	(Bt)	37.8	-	750 - 850	37.85	37.70	-	-	-	-	-	-	-

†SDR rate for Nov 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty chges %
Europe													
Austria	(Sch)	12.005	+0.035	002 - 007	12.0125	11.9975	12.0397	-2.9	12.0807	-2.5	12.2005	-1.6	+16.70
Belgium	(BFr)	36.1	+0.05	050 - 150	36.20	36.00	36.25	-5.0	36.46	-4.0	37.07	-2.7	-0.84
Denmark	(DKr)	6.7725	+0.0175	770 - 775	6.7775	6.7600	6.805	-5.8	6.8545	-4.8	6.9775	-3.0	+9.29
Finland	(FM)	5.8215	+0.016	812 - 832	5.8340	5.8015	5.841	-4.0	5.8665	-3.1	5.934	-1.9	-
France	(FFr)	5.9175	+0.0175	915 - 920	5.9350	5.9000	5.9366	-3.9	5.9669	-3.3	6.0335	-2.0	-8.41
Germany	(D)	1.7085	+0.006	708 - 709	1.7100	1.7025	1.7131	-3.3	1.7204	-2.8	1.7359	-1.6	+32.28
Greece	(Dr)	245	+1.55	750 - 250	245.250	244.150	249.25	-20.8	258.25	-21.6	292.6	-19.4	-
Ireland	(I£)	1.411	-0.0035	411 - 411	1.4150	1.4095	1.4067	3.7	1.4009	2.9	1.383	2.0	-
Italy	(L)	1689.75	+7.75	500 - 000	1690.25	1681.50	1698.45	-6.2	1714.25	-5.8	1768.75	-4.7	-37.57
Luxembourg	(LFr)	36.1	+0.05	050 - 150	36.20	36.00	36.25	-5.0	36.46	-4.0	37.07	-2.7	-0.84
Netherlands	(Fl)	1.9175	+0.0075	917 - 918	1.9180	1.9115	1.9221	-2.9	1.9294	-2.5	1.9452	-1.4	+21.59
Norway	(NKr)	7.42	+0.0225	418 - 423	7.4275	7.3900	7.4325	-2.0	7.4522	-1.7	7.512	-1.2	-17.87
Portugal	(Es)	174.45	+0.75	400 - 500	175.00	172.60	175.72	-8.7	178.06	-8.3	185.8	-6.5	-
Spain	(Pta)	139.2	+0.85	150 - 250	139.80	138.45	139.975	-6.7	141.3	-6.0	145.875	-4.8	-33.89
Sweden	(SKr)	8.385	+0.0125	382 - 387	8.3950	8.3625	8.4187	-4.8	8.468	-4.0	8.623	-2.8	-38.05
Switzerland	(SFr)	1.4995	+0.007	499 - 500	1.5005	1.4915	1.5014	-1.6	1.5037	-1.1	1.5022	-0.2	+23.84
UK	(£)	1.4885	+0.0005	488 - 489	1.4900	1.4845	1.4858	2.2	1.4814	1.9	1.467	1.4	-28.04
Ecu	-	1.1245	-0.0035	124 - 125	1.1290	1.1245	1.1208	4.0	1.1149	3.4	1.1002	2.2	-
SDR†	-	1.389	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.998	-	998 - 998	0.9985	0.9970	-	-	-	-	-	-	-
Brazil	(Cr)	225.755	-0.055	750 - 760	225.800	225.750	-	-	-	-	-	-	-
Canada	(C$)	1.3285	-0.001	328 - 329	1.3305	1.3255	1.3276	0.9	1.3262	0.7	1.317	0.9	-11.15
Mexico	(New Peso)	3.1055	+0.004	103 - 108	3.1140	3.1080	3.1072	-0.7	3.1113	-0.7	3.1252	-0.6	-
USA	($)	1	-	000 - 000	-	-	-	-	-	-	-	-	-10.30
Pacific/Middle East/Africa													
Australia	(A$)	1.5015	-0.0025	501 - 502	1.5045	1.4995	1.5005	0.8	1.4968	1.3	1.4886	0.9	-47.28
Hong Kong	(HK$)	7.726	+0.001	726 - 727	7.7265	7.7250	7.7275	-0.2	7.728	-0.1	7.736	-0.1	-
India	(Rs)	31.37	+0.005	368 - 372	31.3725	31.3650	31.445	-2.9	31.635	-3.4	-	-	-
Japan	(Y)	108.3	+0.15	250 - 350	108.55	108.05	108.245	0.6	107.985	1.2	106.5	1.7	+121.87
Malaysia	(M$)	2.552	+0.001	552 - 553	2.5530	2.5510	2.5577	-2.7	2.57	-2.8	2.5834	-1.2	-
New Zealand	(NZ$)	1.822	-0.0005	821 - 823	1.8235	1.8195	1.8213	0.5	1.8187	0.7	1.8114	0.6	-
Philippines	(Peso)	28.35	+0.45	300 - 400	28.45	28.30	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	750 - 751	3.7520	3.7500	3.76	-3.0	3.7765	-2.7	3.7912	-1.1	-
Singapore	(S$)	1.5965	-	596 - 597	1.5975	1.5960	1.5945	1.5	1.5935	0.8	1.5913	0.3	-
S Africa (Com.)	(R)	3.3675	-0.003	367 - 368	3.3680	3.3625	3.3855	-6.4	3.415	-5.6	3.5335	-4.9	-
S Africa (Fin.)	(R)	4.385	+0.0415	380 - 390	4.3900	4.3650	4.417	-8.8	4.479	-8.6	-	-	-
South Korea	(Won)	807.75	-	600 - 900	808.00	807.60	810.75	-4.5	814.25	-3.2	832.75	-3.1	-
Taiwan	(T$)	26.9	-	850 - 950	26.95	26.80	26.965	-2.9	27.105	-3.0	-	-	-
Thailand	(Bt)	25.4	-	350 - 450	25.45	25.30	25.408	-0.4	25.4415	-0.7	25.71	-1.2	-

†SDR rate for Nov 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for July 1. Base average 1980/82=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.75	16.39	4.729	1.963	4679	5.312	20.54	483.2	385.5	23.22	4.153	1.860	3.678	2.768	299.9	2.461
Denmark	(DKr)	53.32	10	8.737	2.522	1.047	2495	2.832	10.95	257.6	205.6	12.38	2.214	0.992	1.961	1.476	159.9	1.313
France	(FFr)	61.03	11.45	10	2.886	1.198	2856	3.242	12.54	294.9	235.3	14.17	2.534	1.135	2.245	1.690	183.0	1.502
Germany	(DM)	21.14	3.965	3.465	1	0.415	989.4	1.123	4.343	102.2	81.51	4.910	0.878	0.393	0.778	0.585	63.41	0.520
Ireland	(I£)	50.95	9.555	8.348	2.409	1	2384	2.706	10.46	246.2	196.4	11.83	2.116	0.948	1.874	1.410	152.8	1.254
Italy	(L)	2.137	0.401	0.350	0.101	0.042	100.	0.114	0.439	10.33	8.239	0.496	0.089	0.040	0.079	0.059	6.410	0.053
Netherlands	(Fl)	18.83	3.531	3.085	0.890	0.370	880.9	1	3.867	90.96	72.57	4.371	0.782	0.350	0.692	0.521	56.46	0.463
Norway	(NKr)	48.69	9.130	7.977	2.303	0.956	2278	2.586	10	235.2	187.7	11.30	2.022	0.906	1.791	1.348	146.0	1.198
Portugal	(Es)	20.70	3.881	3.391	0.979	0.406	968.4	1.099	4.251	100.	79.78	4.806	0.859	0.385	0.761	0.573	62.07	0.509
Spain	(Pta)	25.94	4.865	4.250	1.227	0.509	1214	1.378	5.328	125.3	100.	6.023	1.077	0.483	0.954	0.718	77.80	0.639
Sweden	(SKr)	43.07	8.077	7.057	2.037	0.845	2015	2.288	8.846	208.1	166.0	10	1.788	0.801	1.584	1.192	129.2	1.060
Switzerland	(SFr)	24.08	4.516	3.946	1.139	0.473	1127	1.279	4.946	116.4	92.83	5.591	1	0.448	0.886	0.667	72.22	0.593
UK	(£)	53.75	10.08	8.807	2.542	1.055	2515	2.855	11.04	259.7	207.2	12.48	2.232	1	1.977	1.488	161.2	1.323
Canada	(C$)	27.19	5.099	4.455	1.286	0.534	1272	1.444	5.584	131.4	104.8	6.313	1.129	0.506	1	0.753	81.54	0.669
US	($)	36.12	6.774	5.919	1.708	0.709	1690	1.919	7.419	174.5	139.2	8.387	1.500	0.672	1.329	1	108.3	0.889
Japan	(Y)	333.4	62.53	54.63	15.77	6.545	15602	17.71	68.49	1611	1285	77.42	13.85	6.203	12.26	9.231	1000.	8.207
Ecu		40.63	7.619	6.657	1.921	0.797	1901	2.158	8.345	196.3	156.6	9.433	1.687	0.756	1.494	1.126	121.8	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM Nov 24

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.5863	0.5859	-0.0006	0.5883	0.5850	49,720	132,052
Mar	0.5822	0.5820	-0.0007	0.5843	0.5813	1,556	7,799
Jun	-	0.5793	-0.0007	-	-	-	-
Sep	-	0.5775	-0.0007	-	-	-	-

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100 Nov 24

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.9203	0.9251	+0.0048	0.9273	0.9200	34,960	72,469
Mar	0.9270	0.9280	+0.0048	0.9293	0.9280	2,745	9,623
Jun	-	0.9314	+0.0047	-	-	20	257
Sep	-	0.9355	+0.0046	-	-	2	39

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr Nov 24

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6694	0.6690	-0.0006	0.6716	0.6678	23,886	60,439
Mar	0.6680	0.6674	-0.0006	0.6699	0.6664	351	1,950
Jun	-	0.6668	-0.0006	0.6680	0.6675	-	-
Sep	-	0.6671	-0.0006	-	-	-	-

■ **STERLING FUTURES** (IMM) £62,500 per £ Nov 24

EMS EUROPEAN CURRENCY UNIT RATES

Nov 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.15659	+0.00017	-1.83	4.45	-
Germany	1.94964	1.92075	-0.00085	-1.48	4.06	-
Ireland	0.808628	0.797009	-0.002102	-1.44	4.03	10
Belgium	40.2123	40.6822	+0.0014	1.17	1.35	-9
Spain	154.250	156.867	+0.992	1.70	0.83	-12
France	6.53883	6.66016	-0.00132	1.86	0.67	-16
Portugal	192.854	196.474	+0.483	1.88	0.65	-13
Denmark	7.43679	7.62580	-0.00149	2.54	0.00	-17
NON ERM MEMBERS						
Greece	264.513	275.915	-0.217	4.31	-1.70	-
Italy	1793.19	1888.50	+1.92	5.93	-3.20	-
UK	0.786749	0.757161	-0.001091	-3.76	8.55	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound) Nov 24

Strike Price	CALLS Dec	CALLS Jan	CALLS Feb	PUTS Dec	PUTS Jan	PUTS Feb
1.425	6.01	6.19	6.69	0.08	0.44	1.00
1.450	3.63	4.29	4.82	0.14	0.95	1.72
1.475	1.71	2.70	3.35	0.66	1.84	2.68
1.500	0.51	1.59	2.26	1.95	3.13	4.02
1.525	0.06	0.84	1.43	3.92	4.86	5.67

WORLD INTEREST RATES

MONEY RATES

November 25	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	8¼	8	7½	7	6¾	8.30	5.50	-
week ago	9⅛	8	7¾	7	6¾	8.30	5.50	-
France	6⅞	6⅞	6⅜	6¼	5⅞	6.45	-	7.75
week ago	6⅞	6⅝	6⅜	6¼	5¾	6.45	-	7.75
Germany	6.42	6.30	6.15	5.80	5.42	6.75	5.75	6.25
week ago	6.28	6.30	6.18	5.83	5.43	6.75	5.75	6.29
Ireland	6¼	6⅝	6⅜	6	5⅞	-	-	6.75
week ago	6¾	6⅜	6¼	6⅛	5⅞	-	-	6.75
Italy	9½	9¼	8⅞	8⅞	8⅞	-	8.00	9.11
week ago	8⅝	9¼	8⅞	8⅞	8¾	-	8.50	9.00
Netherlands	6.11	5.95	5.82	5.54	5.29	-	6.25	-
week ago	6.09	5.95	5.88	5.62	5.35	-	6.25	-
Switzerland	4¾	4½	4⅜	4¼	4⅛	6.625	4.25	-
week ago	4⅞	4¾	4½	4⅜	4¼	6.625	4.25	-
US	3	3⅛	3⅜	3⅜	3⅝	-	3.00	-
week ago	3⅛	3⅛	3⅜	3½	3⅞	-	3.00	-
Japan	2⅜	2⅜	2¼	2⅛	2⅛	-	1.75	-
week ago	2½	2⅜	2⅜	2⅜	2⅜	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3¼	3⅜	3½	3⅞	-	-	-
week ago	-	3¼	3⅜	3½	3¾	-	-	-
US Dollar CDs	-	2.99	3.12	3.23	3.53	-	-	-
week ago	-	2.99	3.06	3.17	3.44	-	-	-
SDR Linked Ds	-	4¼	4	4⅛	3⅞	-	-	-
week ago	-	4¼	4⅛	4	3⅞	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 25	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	8½ - 8⅛	8$\frac{7}{16}$ - 8$\frac{5}{16}$	8⅛ - 8	7⅝ - 7½	7⅛ - 7	6$\frac{13}{16}$ - 6$\frac{11}{16}$

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9450	0.14	0.37	0.48	0.02	0.05	0.12
9475	0.03	0.20	0.30	0.16	0.13	0.19
9500	0	0.09	0.17	0.38	0.27	0.31

Est. vol. total, Calls 4806 Puts 4225. Previous day's open int., Calls 182810 Puts 154145

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	●Rea Brothers	5.5
Allied Trust Bank	5.5	Exeter Bank Limited	7	* Roxburghe Bank Ltd	8
AIB Bank	5.5	Financial & Gen Bank	7	* (in administration)	
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Royal Bk of Scotland	5.5
Bank of Baroda	5.5	Girobank	5.5	●Smith & Williamson Secs.	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	6	Standard Chartered	5.5
Bank of Cyprus	6	Habib Bank AG Zurich	5.5	TSB	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	●United Bk of Kuwait	5.5
Bank of India	6	Heritable & Gen Inv Bk.	5.5	Unity Trust Bank Plc	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Western Trust	6
Barclays Bank	5.5	C. Hoare & Co	5.5	Whiteaway Laidlaw	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5	Wimbledon & Sth West.	7
●Brown Shipley	5.5	Julian Hodge Bank	5.5	Yorkshire Bank	5.5
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	* (in administration)			
Credit Lyonnais	5.5	NatWestminster	5.5		
Cyprus Popular Bank	6				

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Nov 25 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Nov 25 / Frs.)

[illegible]

DENMARK (Nov 25 / Kr)

[illegible]

FINLAND (Nov 25 / Mkk)

[illegible]

FRANCE (Nov 25 / Frs.)

[illegible]

GERMANY (Nov 25 / Dm.)

[illegible]

NETHERLANDS (Nov 25 / Fls.)

[illegible]

NORWAY (Nov 25 / Kroner)

[illegible]

SPAIN (Nov 25 / Pts.)

[illegible]

SWEDEN (Nov 25 / Kronor)

[illegible]

ITALY (Nov 25 / Lire)

[illegible]

SWITZERLAND (Nov 25 / Frs.)

[illegible]

PACIFIC

JAPAN (Nov 25 / Yen)

[illegible]

HONG KONG (Nov 25 / H.K.$)

[illegible]

MALAYSIA (Nov 25 / MYR)

[illegible]

SINGAPORE (Nov 25 / S$)

[illegible]

AUSTRALIA (Nov 25 / Aust$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Nov 25 / Can $) 4 pm close

[illegible]

MONTREAL (Nov 25 / Can $) 4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Nov 25 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ **TOKYO - MOST ACTIVE STOCKS:** Thursday, November 25, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	6.7m	319	+1	Nissan Motor	2.5m	693	+3
Tsumura	3.2m	1,200		NEC	2.4m	827	+5
Sumitomo Bk	2.6m	2,170		Toho Bank	2.4m	743	+42
Sumitomo Mt Ind	2.6m	278	+18	Nomura Sec	2.3m	1,830	+10
NKK	2.5m	230	+4	Keiyo Bank	2.2m	750	+28

INDICES

	Nov 25	Nov 24	Nov 23	1993 High		1993 Low	
Argentina							
General (29/12/77)	(u)	17220.5	17601.6	18357.80	22/10	12167.86	8/3
Australia							
All Ordinaries(1/1/80)	2042.0	2032.4	2009.6	2132.40	1/11	1495.80	13/1
All Mining(1/1/80)	880.1	879.5	862.9	904.50	2/8	594.70	13/1
Austria							
Credit Aktien(30/12/84)	404.76	404.39	407.37	424.69	2/11	308.28	14/1
Traded Index(2/1/91)	1054.07	1049.01	1054.85	1094.43	2/11	712.06	15/1
Belgium							
BEL20 (1/1/91)	1395.89	1394.09	1387.26	1408.83	19/11	1125.46	4/1
Brazil							
Bovespa (29/12/83)	(u)	27013.0	25839.0	27300.00	28/8	714.72	4/1
Canada							
Metals Minls♦(1975)	(u)	3274.33	3288.64	3288.64	23/11	2743.31	21/1
Composite♦ (1975)	(u)	4223.30	4215.30	4282.80	12/11	3275.80	21/1
Portfolio§§ (4/1/83)	(u)	2014.32	2008.57	2027.41	11/11	1720.97	21/1
Chile							
IPGA Gen (31/12/80)	(u)	3356.80	3351.42	3356.80	24/11	2612.59	16/5
Denmark							
CopenhagenSE(3/1/83)	344.09	348.44	348.18	365.14	4/11	281.89	4/1
Finland							
HEX General(28/12/90)	1531.2	1519.7	1518.8	1607.79	3/11	843.10	22/1
France							
CAC General(31/12/81)	584.88	589.26	583.19	609.73	29/10	471.34	13/1
CAC 40(31/12/87)	2118.40	2070.61	2071.47	2231.88	22/10	1772.21	29/1
Germany							
FAZ Aktien(31/12/58)	785.61	783.84	784.77	808.81	18/11	598.92	14/1
Commerzbank(1/12/53)	2245.6	2240.0	2242.50	2300.40	3/11	1694.38	14/1
DAX (30/12/87)	2047.71	2029.55	2027.41	2095.58	2/11	1516.56	13/1
Greece							
Athens SE(31/12/80)	851.98	865.71	859.32	944.44	13/8	667.72	5/1
Hong Kong							
Hang Seng(31/7/64)	9286.31	9238.06	9036.02	9733.34	15/11	5437.80	4/1
India							
BSE Sens.(1979)	3077.5	3053.3	3041.4	3077.50	25/11	2100.67	23/4
Indonesia							
Jakarta Comp.(10/8/82)	524.20	523.83	523.31	538.48	22/11	273.31	5/1
Ireland							
ISEQ Overall(4/1/88)	1788.30	1779.28	1785.80	1949.27	3/11	1191.18	11/1
Italy							
Banca Comm Ital (1972)	536.06	526.27	512.44	632.88	30/8	446.33	8/1
MIB General (4/1/93)	1182.0	1161.0	1131.0	1380.00	30/8	992.60	11/1
Japan							
Nikkei 225 (16/5/49)	17222.92	17067.11	(c)	21148.11	13/9	16287.45	25/1
Nikkei 300 (1/10/82)	273.03	272.33	(c)	305.84	10/11	272.33	24/11
Topix (4/1/68)	1471.85	1466.04	(c)	1698.67	3/9	1250.08	25/1
2nd Section (4/1/68)	1905.87	1927.13	(c)	2394.97	7/6	1651.72	26/1
Malaysia							
KLSE Comp.(4/4/86)	970.31	970.30	965.88	988.40	22/11	614.38	13/1
Mexico							
IPC (Nov 1978)	(u)	2164.07	2158.08	2185.86	19/11	1504.15	25/2
Netherland							
CBS TtlRtnGen(End 83)	406.4	403.6	402.5	419.30	4/11	295.70	4/1
CBS All Shr (End 83)	263.4	261.6	260.9	272.00	4/11	198.80	13/1
New Zealand							
Cap. 40 (1/7/86)	2060.31	2058.45	2044.80	2203.59	2/11	1495.37	21/1
Norway							
Oslo SE(Ind)(2/1/83)	992.78	993.04	1007.31	1038.73	18/11	698.93	27/1
Philippines							
Manila Comp (2/1/85)	2350.60	2372.40	2388.80	2487.50	3/11	1270.86	4/1
Portugal							
BTA (1977)	2583.5	2567.9	2584.6	2698.80	9/9	1808.20	14/1
Singapore							
SES All-S'pore(2/4/75)	548.97	545.82	547.20	584.35	1/11	394.10	13/1
South Africa							
JSE Gold (28/9/78)	1889.0♥	1869.0	1944.0	2098.00	30/7	775.00	5/1
JSE Indl. (28/9/78)	4845.0♥	4851.0	4868.0	4901.00	19/11	4333.00	19/4
South Korea							
KoreaCompEx(4/1/80)''	819.42	828.96	817.90	846.47	20/11	605.93	6/3
Spain							
Madrid SE (30/12/85)	296.78	294.51	297.36	310.28	22/10	215.60	4/1
Sweden							
AffarsvardsGen (1/2/37)	1314.0	1312.00	1314.80	1435.10	4/11	879.10	28/1
Switzerland							
Swiss Bk Ind (31/12/58)	1188.14	1181.69	1174.19	1188.14	25/11	904.80	11/1
SBC General (1/4/87)	939.32	931.03	927.73	937.84	19/11	678.70	11/1
Taiwan							
WeightedPr.(30/6/66)''	4198.52	4189.86	4234.75	5813.28	7/4	3098.43	9/1
Thailand							
Bangkok SET (30/4/75)	1309.26	1321.67	1305.24	1380.84	12/11	818.84	1/6
Turkey							
Istanbul Cmp.(Jan 1986)	17195.1	16721.6	16443.9	17195.10	25/11	3865.53	1/1
WORLD							
MS Capital Int (1/1/70)♣	(u)	581.5*	580.8	607.10	15/10	498.80	13/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1343.06	1329.41	1325.47	1388.18	22/10	1083.02	13/1
Euro Top-100 (26/6/90)	1132.86	1117.69	1116.44	1175.45	22/10	862.73	13/1
JCapalDgns (31/12/88)	(u)	306.05	302.01	318.71	12/11	188.92	4/1
Barings Emerg.(7/1/92)	142.11	142.30	142.49	144.70	19/11	99.81	4/2

'' Sat Nov 20 : Taiwan Weighted Price 4247.09; , Korea Comp Ex. 846.47; . Base values of all Indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ♥ Subject to official recalculation.

■ **CAC-40 STOCK INDEX FUTURES (MATIF)**

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Nov	2073.0	2123.0	+50.0	2123.0	2058.0	309	25,252
Dec	2085.5	2136.5	+50.0	2135.5	2073.5	11	44,594
Jan	2097.0	2148.0	+50.0	2115.0	2097.0	-	293
Mar	2123.0	2169.0	+50.0	2167.0	2123.0	-	14,397

Open interest figures for previous day.

US INDICES

Dow Jones	Nov 24	Nov 23	Nov 22	1993 High	1993 Low	Since compilation High	Since compilation Low
Industrials	3687.58	3674.17	3670.25	3710.77 (16/11)	3241.95 (20/1)	3710.77 (16/11/93)	41.22 (2/7/32)
Home Bonds	108.63	108.81	108.85	109.77 (18/10)	103.49 (11/1)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1711.04	1693.31	1711.26	1759.98 (16/11)	1453.84 (4/1)	1759.98 (16/11/93)	12.32 (8/7/32)
Utilities	226.34	225.88	223.97	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3709.94 (3702.67) Low 3654.33 (3649.57) (Theoretical♦)
Day's high 3690.37 (3684.23) Low 3672.21 (3663.83) (Actual♦)

Standard and Poors	Nov 24	Nov 23	Nov 22	1993 High	1993 Low	Since compilation High	Since compilation Low
Composite ‡	462.36	461.03	459.13	469.50 (15/10)	429.05 (8/1)	469.50 (15/10/93)	4.40 (1/6/32)
Industrials♥	535.97	534.42	533.12	540.25 (18/11)	496.48 (26/4)	540.25 (18/11/93)	3.62 (21/6/32)
Financial	43.04	43.06	42.49	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	255.13	254.24	253.25	260.48 (15/10)	236.21 (8/1)	260.48 (15/10/93)	4.46 (25/4/42)
Amex Mkt Val	463.51	461.04	460.88	484.28 (2/11)	395.84 (8/1)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	753.18	746.82	738.13	787.42 (15/10)	645.87 (26/4)	787.42 (15/10/93)	54.87 (31/10/72)

■ **RATIOS**

	Nov 19	Nov 12	Nov 5	Year ago
Dow Jones Ind. Div. Yield	2.71	2.80	2.77	3.19
	Nov 17	Nov 10	Nov 3	Year ago
S & P Ind. Div. yield	2.38	2.40	2.41	2.65
S & P Ind. P/E ratio	28.88	28.69	28.61	27.72

■ **STANDARD AND POORS 500 INDEX FUTURES** $500 times index

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	461.85	462.90	+1.15	463.30	461.25	53,479	189,142
Mar	463.30	463.95	+1.20	464.30	463.00	1,584	13,463
Jun	-	465.00	+1.20	465.30	464.40	58	2,036
Sep	-	466.30	+1.30	466.60	465.70	1	439

Open interest figures are for previous day.

■ **NEW YORK ACTIVE STOCKS**

Wednesday	Stocks traded	Close price	Change on day
BP	9,065,400	61	-½
IBM	4,182,300	55	+1⅞
Merry Go Rd	3,887,500	6¼	+1⅛
Paramount	3,494,900	80¼	+4
WMX Tech	3,360,800	26⅝	+1¼
Merck	3,271,300	34½	+¼
RJR Nabisco	2,530,000	8½	+⅛
Philip Morris	2,095,200	55½	+⅝
Borden	2,047,000	16¾	+⅝
Gen Motors	1,859,900	53¾	+1

■ **TRADING ACTIVITY**

Volume (million)	Nov 24	Nov 23	Nov 22
New York SE	229.293	259.237	276.780
Amex	14.381	20.410	17.495
NASDAQ	(u)	279.546	302.138
NYSE			
Issues Traded	2,684	2,677	2,686
Rises	1,222	1,154	494
Falls	774	908	1,704
Unchanged	688	615	488
New Highs	27	17	20
New Lows	32	76	107

● Correction. * Calculated at 15.00 GMT. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

EUROPE

Italy gets support at German expense

Mr Joe Rooney, European equity strategist at Lehman Brothers, increased Italy's weighting in the broker's pan-European portfolio yesterday by 3 percentage points to 8.2 per cent against a benchmark 5.3 per cent, *writes Our Markets Staff*. This came at the expense of Germany, which is now at 13 per cent against a 15.5 per cent benchmark.

He said that the move reflected as much concern with valuation levels in Germany, as exploiting Italian opportunities. "The lack of sensitivity to movements in short term rates will make the transition from an interest rate driven market to an earnings driven market difficult for Germany next year," he maintained.

But in Italy, the trend of inflation had improved continuously, while a L8,300bn trade deficit in the first seven months of 1992 had been converted into an equivalent surplus this year. Mr Rooney saw Italian bonds and the lira at current levels, supported by these trends, as fundamentally cheap.

Politics remained the joker although any government resulting from next year's general elections would be better than the series of administrations that had dragged down the Italian economy over the past two decades.

Mr Rooney had reservations about the stock market, stemming from the inability to explain its performance in terms of fundamentals, inadequate dividend growth, and the fact that the transformation of the political and economic landscape has not been replicated in the corporate sector. "The difference is that the market has underperformed in both local and common currency terms by around 11.5 per cent so far this year and the economic fundamentals have improved," he said.

PARIS was bemused by trading in Euro Disney which fluctuated wildly, being suspended limit down twice, then gaining some 20 per cent in value from its nadir, before being suspended once more; it finally closed FFr2.20, or 7 per cent higher at FFr29.40 in turnover of some FFr158m.

With its small weighting in the CAC-40 the price movement had minimal effect on the index, which raced ahead to end up 47.79 or 2.3 per cent at 2,118.40.

Turnover was estimated at FFr3.7bn. It was suggested that short-covering was partly behind the market's climb yesterday, with domestic investors taking advantage of the absence of US institutions to become aggressive buyers.

AMSTERDAM was pulled higher in line with other bourses, the CBS Tendency index adding 2.4 or 1.8 per cent to 135.7. Turnover was estimated to have been around Fl 1bn, helped by strength on the options market.

Cyclicals returned to favour, DSM and Akzo showing respective rises of Fl 4.00 and Fl 3.00 to Fl 102.20 and Fl 178.80; good buying was also noted among financials.

Further strength was seen in KNP BT, the paper group, following Wednesday's results which were not as bad as some analysts had been forecasting: the shares rose Fl 1.50 to Fl 41.70. Royal Dutch went against the trend, slipping Fl 2.10 to Fl 195.60, partly on a weaker oil price.

FRANKFURT climbed on the Volkswagen four-day week agreement, and extended its gains after hours after Bavaria came in with a drop in its year on year inflation rate to mid-November. The DAX rose 18.16 to 2,047.71 and the Ibis-indicated index by another 10.09 in the afternoon to 2,057.80.

Turnover rose from DM7.8bn to DM8.5bn with VW accounting for DM980m of that, far ahead of its average volume. The four-day week was estimated to be worth a 20 per cent reduction in the carmaker's costs, the shares rose DM9.50 to DM412 and, in a generally strong automotive sector, Daimler continued its recovery with a rise of DM12.20 to DM717.

The big results of the day came from Bayer. The prospect of an 18 per cent fall in 1993 pre-tax profits was less severe than expected, yet the shares rose only DM1.90 to DM324.50 during the session compared with DM2.70 to DM278.70 for Hoechst and DM5.10 to DM268.40 for BASF. Mr Hans Peter Wodniok, head of research at James Capel in Frankfurt, observed that Bayer had been expected to produce better results than the other big two chemical stocks, which had underperformed the market in the first three weeks of November, while Bayer had outperformed.

The bad results came from Metallgesellschaft, where heavy losses, no dividend and the prospect of a rights issue supported by a defensive coterie of big corporate shareholders left analysts shaking their heads in despair.

STOCKHOLM saw volatile trading in Volvo after major shareholders said that they would back the proposed merger between the Swedish group and Renault of France. The B shares, which had been trading at a high of SKr431 before the announcement, fell back, closing off SKr3 at SKr407.

The Affärsvärlden general index added 2.0 to 1,314.0.

MILAN continued higher with sentiment helped by signs that the government had won political consensus on the need to see the budget approved by the end of the year. The Comit index rose 9.79 or 1.9 per cent to 536.06.

Fiat, firm on Wednesday after it announced plans for redundancies and temporary lay-offs, bounced L235 or 6.6 per cent higher to L3,800 after demand by domestic funds sparked short covering. Speculation that the car group was thinking of selling Alfa Romeo was firmly denied by Fiat.

Sip, L63 higher at L3,029, Olivetti, L25 firmer at L1,805, and Pirelli, L89 ahead at L1,849, continued to pick up ground lost earlier in the week.

Benetton surged L1,140 or 5.4 per cent to L22,290 on the view that the cheaper lira could help its exports.

MADRID was given a breathing space as the holiday closure in the US took American sellers out of the market. The general index closed 2.27 higher at 296.78 in turnover down from Pta37.2bn to Pta30.6bn.

Electrical utilities rose in depth, led by Fenosa, up Pta14 at Ptta534, and Iberdrola, Pta16 better Pta896. Telefónica, which said on Wednesday that it was well set for Europe-wide competitition in telephone networks, rose Pta30 to Pta1,665.

ZURICH was firmer, but off the day's highs, with activity restrained by the absence of US investors. The SMI index rose 9.0 to 2,726.8.

Nestlé continued higher after Wednesday's 10 month figures, the shares adding SFr6 to SFr1,185.

Swissair added another SFr9 to SFr756, only SFr4 short of its price ahead of last weekend's announcement that the Alcazar talks had been called off.

Banks were broadly higher with CS Holding, parent of Credit Suisse, gaining SFr40 to SFr3,455.

COPENHAGEN dropped 2 per cent on late selling in thin trading, the KFX index losing 2.01 to 99.41.

ATHENS was unsettled, by reports that the government planned to increase taxes on share dividends by up to 10 per cent. The story was later denied. The general index dropped by 13.73 to 851.98.

ISTANBUL hit a new record high on late buying, which left the composite index up 473.5, or 2.8 per cent, at 17,195.1.

Buying interest concentrated on the iron and steel, cement and banking sectors, with Eregli rising TL300 to TL6,500.

Turnover was estimated at TL1,400bn.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

US markets were closed for the Thanksgiving holiday.

Toronto got off to a slow start in the absence of Wall Street and at noon the TSE-300 composite index was down just 3.47 at 4,219.87. Volume was 27.2m shares.

There were variations among the sub-indices with financial services up 39.93 at 3,131.96 and oil and gas down 122.86 or 2.6 per cent at 4,504.09, reflecting lower commodity prices.

FT-SE Actuaries Share Indices

Nov. 25							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1329.37	1332.39	1333.06	1336.86	1337.99	1338.52	1341.01	1343.06
FT-SE Eurotrack 200	1395.41	1398.19	1399.16	1404.31	1404.75	1405.61	1407.95	1410.14

	Nov. 24	Nov. 23	Nov. 22	Nov. 19	Nov. 18
FT-SE Eurotrack 100	1329.41	1325.47	1331.12	1360.53	1367.52
FT-SE Eurotrack 200	1396.51	1393.67	1396.17	1420.27	1427.61

Base value 1000 (26/10/90); Highday: 100 - 1343.13; 200 - 1410.14 Lowday: 100 - 1329.37 200 - 1394.62.

SOUTH AFRICA

GOLD shares held on to most of the day's gains in line with a steadier bullion price. The golds index was up 20 at 1,889, after touching 1,899. Industrials retreated 4 to 4,847, while the overall index moved forward 17 to 4,193.

French equities falter in uncertain trading

Alice Rawsthorn on prospects for the Paris bourse

Even Mr Edmond Alphandéry, the ascetic economy minister, could scarcely conceal his glee yesterday when he announced that the public part of the FFr13bn sale of shares in Rhône-Poulenc, the second company to be sold in France's privatisation drive, had been heavily over-subscribed.

The Economy Ministry is today expected to report that the institutional part of the Rhône-Poulenc sale has also been comfortably over-subscribed.

The timing could scarcely be better. The successful sale of Rhône-Poulenc not only sets an encouraging precedent for the next round of privatisations, scheduled for next year, but comes at a propitious moment when the Paris stock market seems to be flagging.

The CAC-40 index, which soared to record levels during the summer and early autumn, has faltered recently on concern about the outcome of the Gatt negotiations, the Balladur government's cautious approach to cutting interest rates and the recent spate of industrial unrest in France.

"There is a great deal of uncertainty about the prospects for the market," said Mr David Harrington, of James Capel's Paris office. "The fundamentals are still strong, but investors are likely to remain nervous until the Gatt issue has been resolved and there is clear evidence of further falls in interest rates".

Once these problems have been addressed, most analysts and economists expect the market to return to growth. Mr Didier Cherpitel, managing director of Morgan Stanley in Paris, predicts that the CAC-40 will rise to a new record of 2,500 next year.

"We are rather optimistic," he admitted. "But the economic environment does look encouraging. If Germany comes out of recession, interest rates could fall steadily in France and Germany, and that would be a big boost to the stock market".

Other observers take a slightly less rosy view. But most are confident, barring a Gatt impasse, that the CAC-40 index should reach a new record of around 2,400 in 1994.

One reason for their confidence is the corporate sector's promising outlook. Companies have had a tough time in the early 1990s due to the impact of high interest rates and rising unemployment on domestic demand and, since the September 1992 currency crisis, the depressive effect of the strong franc on exports: CAC-40 companies are now approaching the end of their fourth successive year of earnings decline.

Next year should mark the start of the recovery. Official figures show that consumer spending was slightly less sluggish during the summer.

The strong franc is still affecting the competitiveness of French exports, but companies are now achieving significant productivity gains after years of low inflation and pay restraint. JP Morgan in Paris forecasts an inflation rate of just 2 per cent in 1994, thereby fuelling further improvements in cost competitiveness next year.

James Capel expects to see a rebound in CAC-40 earnings of 35 per cent for 1994. But the eventual rate of growth will be heavily influenced by the progress of interest rate reduction and its impact on the economy.

Salomon Brothers forecasts a fall in short-term interest rates from the present level of 6.45 per cent to between 4.5 and 5 per cent next year.

The progress of the CAC-40 index will also be determined by the flow of funds into French equities.

One of the main reasons for the recent slowdown in the Paris market is that US investors, who invested heavily during the summer bull run, have stopped pouring new money into France because of the appeal of high yields in the US.

Most brokers expect to see a fresh influx of funds soon from domestic investors, thereby compensating for the US withdrawal. But the French have historically favoured cash over equity investments.

Savings ratios are still rising suggesting that, in spite of the government's efforts to coax investors into equities through initiatives such as this summer's highly successful "Balladur bond" issue, the French are still not ready to convert their cash into shares.

Recent reductions in interest rates have already made equities seem more attractive against the dwindling returns on savings.

This trend should continue as interest rates fall further next year, thereby providing a new pool of money to bolster the market.

The other main influence will be the volume of new equity arriving on the market. Almost FFr100bn ($16bn) of new shares have already been added this year through the combination of the first two privatisations and a stream of private sector issues, from companies such as Schneider, Axa and Lafarge Coppée, thereby artificially depressing the index.

"So far, there has been no shortage of takers for these new issues and most have been healthily over-subscribed," says Mr Harrington of James Capel. "Unless there is a Gatt crisis there is no reason why next year's issues should not be as successful – unless, of course, the government is too greedy and privatises too many companies too quickly."

ASIA PACIFIC

Bank of Japan move aids Nikkei

Tokyo

The Tokyo investment community, seeking any sign that the authorities cared about the descending market, was heartened yesterday by larger than expected injections into the short term money market by the Bank of Japan, and the Nikkei average rose for the first time in four trading days, *writes Emiko Terazono in Tokyo.*

The 225-issue index gained 155.81 at 17,222.92 after a day's low of 17,003.30 and high of 17,410.04. The Topix index of all first section stocks improved 5.81 to 1,471.85, but declines led rises by 577 to 467, with 123 issues unchanged.

Traders said sentiment had improved following Wednesday's comments by Mr Yasushi Mieno, the governor of the Bank of Japan, expressing concern over the recent declines in the stock market and saying that he was "seriously watching over the movements".

Volume was 318m shares, against 310m. London continued to take no short term action on the local Nomura strategy team's "worst case scenario" for the Nikkei, fearing a bottom as low as 12,000, and the ISE/Nikkei 50 index was 1.66 firmer at 1,188.26.

Money market traders said the central bank had pumped Y900bn into the market yesterday, prompting a fall in three-month certificate of deposit rates to a new low of 2.27 per cent. "Now that the BoJ is moving, let us hope the government will also act to help stocks," said Mr Yasuo Ueki at Nikko Securities.

The Nikkei fell in early trading, but later firmed on buying by *tokkin*, or specified money trusts, and life assurers, who were encouraged by the BoJ's stance on the money markets. Arbitrage selling and margin unwinding later hurt the index, but a rise in the futures market in the afternoon prompted arbitrage buying.

In spite of yesterday's rise, traders said that selling pressure will remain strong ahead of the settlement of futures and options contracts on December 10.

East Japan Railway rallied Y3,000 to Y439,000, while NTT lost Y7,000 to Y723,000.

Banks continued to lose ground on fears of mounting bad loans. Some investors fear that the recent fall in the stock market will hurt banks, which are trying to write off such assets, covering the losses by realising profits on shareholdings. Industrial Bank of Japan dipped Y30 to Y3,170 and Bank of Tokyo lost Y50 to Y1,660.

In Osaka, the OSE average rose 47.70 to 19,230.96 in volume of 23.5m shares. Shimano, the bicycle parts maker, moved ahead Y70 to Y2,800.

Roundup

Pacific Rim markets put in a mixed performance.

HONG KONG was buoyed by a late round of buying after a day of uncertain trading. The Hang Seng index finished 48.25 higher at 9,286.31. The mood, however, remained inhibited by the outlook for the 17th round of Sino-British talks on Hong Kong's political reform plans this weekend.

Swire Pacific "A" surged ahead HK$4 to HK$56: after the market closed it sold one-third of its Swire Aviation unit to Citic Pacific for HK$120m. Citic retreated 30 cents to HK$20.50.

AUSTRALIA drifted to a higher close on bargain hunting, with the All Ordinaries index adding 9.6 at 2,042.0 in thin turnover of A$462.5m.

News Corp gained 30 cents at A$10.10, while BHP shed 6 cents to A$17.08 after having spent most of the session in positive territory.

SINGAPORE's activity was dominated by Malaysian shares traded over the counter, and the Straits Times Industrial index moved forward 10.38 to 2,091.17.

SEOUL ended an active day sharply lower on aggressive across-the-board profit-taking by both institutional and individual investors, and the composite stock index slipped 9.56 to 819.42. A smaller than expected flow of customer deposits into securities houses dampened expectations of a liquidity-driven rally.

TAIWAN was firmer in moderate trading ahead of tomorrow's local government elections. The weighted index climbed 8.64 to 4,198.52 in turnover of T$21.1bn.

KUALA LUMPUR was steady in thin volume, with cautious buyers picking up selected stocks and the composite index moving within a five-point range before ending just 0.01 higher at 970.31.

BANGKOK saw broking house Phatra Thanakit hit its 10 per cent downward limit at the close, losing Bt68 at Bt636. This followed news that the stock exchange authorities fined Phatra Thanakit Bt40m for an erroneous sell order of Ayudhya Investment and Trust shares on November 17.

Both firms resumed trading, having been suspended since then: Ayudhya Investment rose Bt12 to Bt141.

The SET index declined 12.41 to 1,309.26 in turnover of Bt11.05bn.

MANILA slipped as investors took profits after trading began in Benpress, a media and power holding company. The issue, offered at 3.50 pesos, traded up to 12.25 pesos before closing at 10.50 pesos.

The composite index receded 21.79 to 2,350.61 in turnover of 2.7bn pesos.

BOMBAY ended slightly higher on late buying, reflecting hopes that carry forward costs to be fixed today would be lower than expectations. The BSE 30-share index advanced 24.59 to 3,077.94.

KARACHI eased at the close on profit-taking and the KSE index finished 2.44 down on balance at 1,702.52, having opened 9.03 points ahead on reports that the US wants to lift sanctions on Pakistan.

NEW ZEALAND edged forward as the market awaited the formation of a new cabinet. The NZSE-40 index finished 1.85 up at 2,060.31.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 24 1993								TUESDAY NOVEMBER 23 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	153.06	+1.4	152.51	104.64	135.48	153.12	+1.1	3.35	150.94	150.65	103.52	133.49	151.40	162.83	117.39	117.24
Austria (17)	170.76	-0.6	170.14	116.74	151.15	150.93	-0.9	1.06	171.72	171.38	117.77	151.88	152.25	184.47	131.16	139.24
Belgium (42)	152.90	+0.1	152.35	104.52	135.34	135.94	-0.4	4.23	152.82	152.53	104.81	135.15	136.43	156.76	131.19	136.20
Canada (107)	132.85	-0.1	132.37	90.82	117.58	127.90	+0.1	2.61	132.98	132.72	91.20	117.59	127.78	135.54	111.41	112.43
Denmark (32)	234.00	-0.1	233.15	159.97	207.12	214.98	-0.2	1.06	234.22	233.76	160.64	207.13	215.34	241.06	165.11	166.75
Finland (23)	119.63	+0.6	119.19	81.79	105.89	145.75	+0.2	0.72	118.96	118.73	81.59	105.21	145.40	128.99	65.50	70.90
France (98)	160.41	+0.1	159.82	109.65	141.97	148.45	+0.0	3.13	160.19	159.88	109.86	141.65	148.44	173.05	142.72	141.40
Germany (60)	129.94	+0.0	129.47	88.85	115.01	115.01	+0.1	1.85	129.98	129.73	89.16	114.95	114.95	136.13	101.59	104.17
Hong Kong (55)	376.76	+2.3	375.39	257.56	333.49	373.66	+2.3	2.92	368.41	367.69	252.67	325.82	365.36	394.34	218.82	240.53
Ireland (14)	172.54	+0.3	171.91	117.95	152.72	171.67	-0.2	3.29	172.05	171.72	118.00	152.15	172.24	177.89	129.28	134.36
Italy (70)	59.72	+3.2	59.50	40.82	52.86	75.02	+2.6	2.23	57.89	57.77	39.70	51.19	73.15	78.93	53.78	57.28
Japan (469)	136.98	-1.6	136.48	93.64	121.26	93.64	-1.9	0.87	139.18	138.90	95.45	123.09	95.45	165.91	100.75	104.87
Malaysia (69)	469.79	+0.5	468.08	321.15	415.81	461.56	+0.5	1.51	467.40	466.48	320.55	413.33	459.43	467.72	251.66	274.96
Mexico (19)	2008.73	-1.1	2001.42	1373.23	1777.98	6811.63	-1.0	0.72	2030.36	2026.38	1392.51	1795.54	6881.09	2030.36	1410.30	1576.98
Netherland (26)	188.36	+0.1	187.67	128.77	166.72	164.20	+0.3	3.23	188.11	187.74	129.01	166.36	163.73	197.07	150.39	149.89
New Zealand (13)	62.95	+1.0	62.72	43.04	55.72	60.92	+0.8	3.87	62.35	62.23	42.76	55.14	60.42	68.38	40.56	41.41
Norway (23)	172.38	-1.1	171.75	117.85	152.58	173.08	-1.2	1.47	174.24	173.89	119.50	154.09	175.12	185.10	137.71	140.05
Singapore (39)	309.47	+0.4	308.35	211.57	273.92	227.68	+0.2	1.41	308.24	307.63	211.41	272.58	227.27	332.56	207.04	195.46
South Africa (60)	223.17	-0.6	222.36	152.57	197.53	211.87	-1.5	2.55	224.49	224.05	153.96	198.52	215.16	229.39	144.72	135.19
Spain (42)	132.04	-1.5	131.56	90.27	116.87	138.39	-1.2	4.32	134.03	133.77	91.92	118.53	140.12	145.24	115.23	115.53
Sweden (36)	181.35	-0.3	180.63	123.98	160.52	224.77	-0.3	1.55	181.92	181.56	124.77	160.88	225.41	208.92	149.70	167.40
Switzerland (50)	146.76	+0.3	146.23	100.34	129.92	135.80	+0.4	1.60	146.36	146.07	100.39	129.45	135.20	148.18	108.91	108.93
United Kingdom (218)	185.21	+0.1	184.53	126.60	163.92	184.53	-0.1	3.90	185.00	184.64	126.87	163.59	184.64	193.97	162.00	164.24
USA (518)	188.15	+0.3	187.47	128.63	166.54	188.15	+0.3	2.75	187.52	187.15	128.62	165.84	187.52	191.66	176.36	175.46
Europe (751)	155.16	+0.2	154.59	106.07	137.34	149.84	+0.1	3.04	154.92	154.62	106.25	137.01	149.73	162.97	133.92	131.95
Nordic (114)	177.65	-0.2	177.01	121.45	157.25	189.42	-0.2	1.31	178.00	177.65	122.08	157.42	189.89	194.54	142.13	149.71
Pacific Basin (714)	146.32	-1.1	145.79	100.03	129.51	103.88	-1.4	1.16	147.98	147.67	101.48	130.85	105.35	168.80	105.89	109.70
Euro-Pacific (1465)	149.87	-0.6	149.33	102.45	132.65	121.86	-0.8	1.98	150.74	150.44	103.38	133.30	122.81	162.86	117.26	116.70
North America (625)	184.70	+0.3	184.03	126.28	163.51	184.01	+0.3	2.74	184.12	183.76	126.29	162.85	183.42	187.68	171.51	171.56
Europe Ex. UK (533)	136.04	+0.2	135.55	93.02	120.44	129.33	+0.2	2.49	135.80	135.54	93.16	120.12	129.13	143.73	112.51	112.44
Pacific Ex. Japan (245)	236.15	+1.5	235.30	161.47	209.05	218.87	+1.4	2.70	232.66	232.20	159.56	205.77	215.86	246.12	152.70	157.13
World Ex. US (1651)	151.38	-0.6	150.83	103.50	133.99	124.65	-0.8	1.98	152.24	151.94	104.42	134.64	125.61	162.89	118.51	119.56
World Ex. UK (1951)	160.51	-0.3	159.92	109.74	142.08	140.34	-0.4	2.10	160.92	160.61	110.37	142.33	140.87	168.66	134.22	134.93
World Ex. So. Af. (2109)	162.36	-0.2	161.77	111.00	143.72	143.70	-0.3	2.27	162.71	162.39	111.60	143.91	144.16	170.46	137.29	137.62
World Ex. Japan (1700)	177.88	+0.3	177.24	121.62	157.47	174.28	+0.3	2.82	177.32	176.98	121.63	156.84	173.81	181.67	167.47	156.00
The World Index (2169)	162.68	-0.2	162.09	111.22	144.00	144.26	-0.3	2.27	163.04	162.72	111.83	144.19	144.78	170.68	137.32	137.46

Amendments to indices for 24/11/93 applied to Australia, Hong Kong, Malaysia, New Zealand, Singapore and related regional indices. Latest prices were unavailable for this edition.

FINANCIAL TIMES SURVEY

GLOUCESTERSHIRE

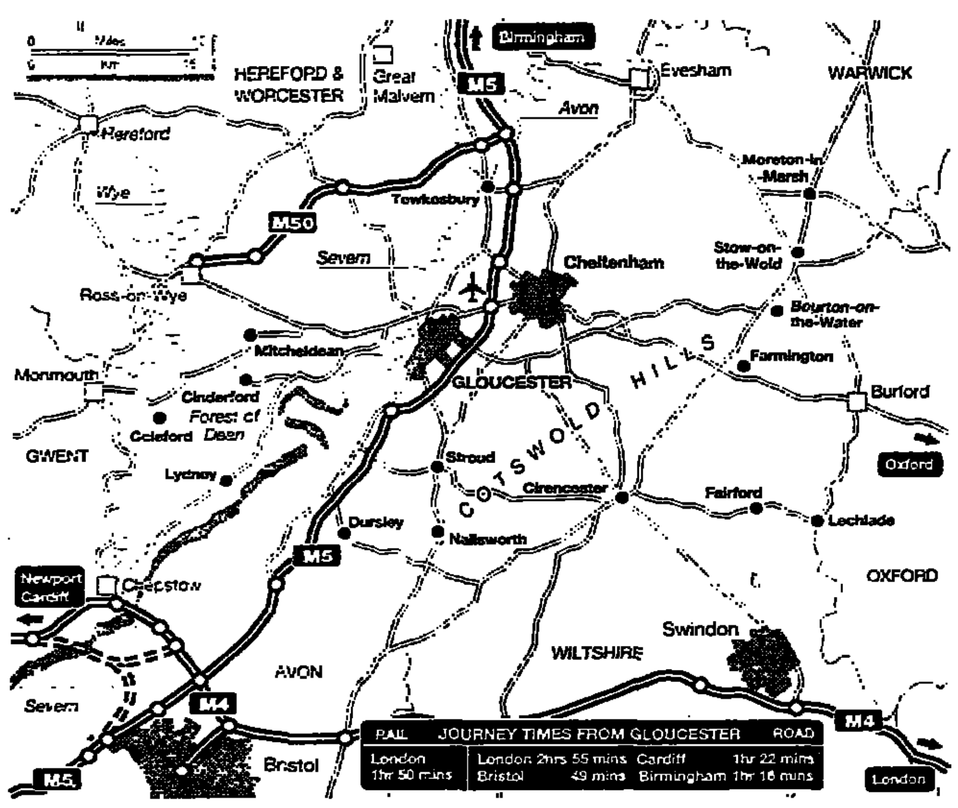
Friday November 26 1993

The quest for new businesses is being impeded by contraction in important regional industries and uncertainty over the future of local authorities, reports **Roland Adburgham**. The county has responded with the launch of an economic strategy forum

The idyll is clouded

Gloucester's renovated docks, overlooked by the cathedral

The pictures in this survey are by Tony Andrews



Gloucestershire has always been seen as one of the more fortunate English counties, with a rural prosperity suggested by its Cotswold villages, grand country houses, the Royal Agricultural College at Cirencester, and the Cheltenham Gold Cup. It is assumed to be a shire where the living is good.

Today, the image is flawed. The county is indeed a pleasant place to live and work, and leading companies have chosen to be based there: state-owned Nuclear Electric, Gulf Oil (GB), Eagle Star insurance group and Mitsubishi's Colt Cars are among them. They have been attracted by the skilled and stable workforce, good access to the M4 and M5 motorways, and by being within reach of London but able to enjoy lower property and labour costs.

The population has risen steadily, boosted by relocations, especially in financial services. In just two years to September 1989, 21,000 net additional jobs were created. Agriculture now accounts for only 2 per cent of the labour force. Contrary to the popular image, the backbone of the economy – once provided by sheep and woollen mills – is manufacturing, and especially engineering and electronics.

But here is the catch: no fewer than 14 per cent of the companies are estimated to be involved in the defence and aerospace industries, with Dowty, Smiths Industries and the government's GCHQ at Cheltenham among the biggest employers. The contraction of these industries is happening at a time when the recession has stopped growth in financial services and in tourism.

In just three years, unemployment has nearly trebled, rising from only 3 per cent in 1990 to 8.8 per cent in September. This represents 22,000 people, 1,500 fewer than last February and still below the national average, but the differential has sharply narrowed.

Industrial restructuring increases the vulnerability of regional plants. The head office of Dowty moved out of the county after last year's takeover by TI. Earlier this year, there were big job losses in Gloucestershire, when Meko International, a mining equipment company, subject of a buy-out from Dowty, merged with Dobson Park Industries and work was consolidated in Lancashire.

"The regional economy is under very great pressure," says John Sewell, leader of the Liberal Democrats, the largest group on the county council. "In economic development terms, Gloucestershire is caught between the grants available in south Wales and the effects of the M4 motorway corridor, which stretches as far as Swindon." It is also midway between the heavyweight cities of Bristol and Birmingham.

"What we have to do," says Mr Sewell, "is to form the seedbed for new businesses to grow – there is simply no other way round it. We have a very skilled workforce; we have lots of people with ideas."

Economic planning for such a seedbed is clouded by the uncertainties that surround the future of local authorities. In its draft proposals, the Local Government Commission recommended replacing the county council and six district councils with four unitary authorities. And the council has been capped by the government for the second successive year, and has had £10m lopped off its proposed budget.

All three political parties had voted in favour of the higher budget. (The council has been hung since the mid-1980s, but in May the Liberal Democrats increased their share of seats to two short of an overall majority.) Mr Sewell says education, in particular, is suffering as a consequence of the capping. As for the proposed council reorganisation, he describes the commission's proposals as a non-starter. All three parties had voted for the status quo.

Michael Honey, the council's chief executive, is confident that the commissioners are now listening. "The public is saying it wants the existing two-tier structure, which works very well here; and it is certainly not worth spending £20m or more and going through all the upheaval to unstitch it. From the business point of view, the message we have heard loud and clear is: if you are going to change the status quo, go for a single unitary authority, which has enough clout to look strategically at the issues."

The need for this clout resulted this year in the setting up of an economic strategy forum, a partnership between the public and private sectors. "Ways need to be found to ensure unemployment is brought down by getting the local economy to outperform the rest of the UK," Mr Honey says. The forum will be co-ordinated with similar initiatives in neighbouring counties to create a more effective voice. "People realise we have to be part of a larger sub-regional force in order to be successful in getting inward investment into this part of the country."

He remains optimistic. "One of the great assets is the delightful environment which is one of the attractions to firms staying here and relocating here. It is a thriving economy, even though it is suffering obviously from the rundown in the defence industries. But we have an economy rapidly retooling itself and diversifying into other areas."

Some defence-related companies have been slow to do this, but a strength of Gloucestershire is the variety of small businesses and often high-tech companies. Roger Empson, managing director of Krone (UK) Technique, a Cheltenham-based subsidiary of a German company making patented telecom and data connections systems, says it has more than doubled its turnover in the past six years to over £20m and is highly profitable. "The Germans are convinced that their investment here was absolutely the right decision for market, technological and productivity reasons."

Other significant companies in their own market include Racal-Redac, the Tewkesbury-based subsidiary of Racal Electronics and the world's third largest software company for electronic design automation. Norville Optical, a family-owned company based in Gloucester, employs more than 800 people and describes itself as the UK's largest optical supplier. Sapa Holdings, with nearly 700 staff in the county, has big market shares in windows and doors.

Vince Taylor, of the accountancy firm Coopers & Lybrand, which is advising the strategy forum, says: "The county has a large number of world-class companies and in some ways has been more of a leader than follower. It has been able to generate its own exports, which is interesting given that a lot of people think all the growth for the future will happen in the east, because that is nearer continental Europe."

This may be a good portent, since the Channel tunnel, due to open next year, otherwise threatens to emphasise the county's peripherality. Another positive indicator is that the head-office culture, and natural environment, should continue to attract senior staff and encourage a network of support companies and professional services.

The strategy forum shows a recognition that, while Whitehall may adopt an attitude of laisser faire, Gloucestershire itself has to act to stay in the forefront of places to live and work. The expansion in the 1980s may have been counter-productive in one respect: it gave the impression to the outside world that Gloucestershire did not need more investment. As John Cripps, chief executive of Gloucestershire chamber of commerce, says: "The message now is Gloucestershire is not closed for business, but open for business."

IN THIS SURVEY

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Sectors in partnership: **Roland Adburgham** on the economic strategy forum

Harmony in the corridors

In Gloucestershire, As in other parts of south-west England, there is an awareness that an individual county, in terms of its economic development, increasingly lacks the muscle to fight its corner.

In the past, the south-west has done well enough to be unconcerned that it lacked agencies to promote the region and attract inward investment. But the recession and the run-down in the defence industries, on which the region is heavily dependent, have forced a rethink. Neighbourly and political rivalries are being set aside in an attempt to have a louder, and more united, voice in the corridors of Whitehall and Brussels.

This year has seen the creation of the Western Development Partnership in Avon, and Westcountry Development Corporation for Devon and Cornwall. These are two public and private sector partnerships designed to provide a strategic overview. Now Gloucestershire is proceeding down a similar road.

It linked with Avon and Wiltshire this autumn to apply for the European Union's Konver funding, intended to support projects in areas suffering from defence-related job losses. Influential players in the county are now setting up an economic strategy forum with representatives from the county council, training and enterprise council, Gloucestershire chamber of commerce, the CBI and the TUC.

Mr Tony Burley, the county council's group planning officer, says: "The need is to collaborate on action – and one cannot do that without a strategy forum. It has become clear that in the future we need to co-ordinate and put limited resources together." Whatever the outcome of the local government review (which proposes abolishing the county council and creating unitary authorities), such a body would be required to provide an overview.

Mr Graham Hoyle, chief executive of the Tec, says there is unanimity that the forum needs to be made to work and to resource the action it proposes. "A fundamental strength of Gloucestershire is that it has tended to move with the times. But there are now two snags. Defence and armed-force bases have been a strength for 30 or 40 years. Insurance, particularly, and banking have been strong in the 1970s and 1980s. But the peace dividend has led to the actual shedding of staff, and in financial services the growth has ceased." In addition, inward investment had dried up.

"Gloucestershire is still seen as a very attractive and prosperous county – and still seen that way in Whitehall – with below national average unemployment, a mixed economy, a pleasant place to live – lucky old Gloucestershire," he says. "But if Gloucestershire does nothing, it is on a downward slope. There is a recognition that it has to do something, and it is sensible to plan what we do."

Public and private sector partnerships are already examining education strategy and seeking to identify the county's future sunrise industries. In September, the forum commissioned Coopers & Lybrand to carry out a three-month study to help to prepare its strategy. Presentations are being held to make the broader community – companies, banks, utilities and colleges – aware that Gloucestershire needs to act.

Mr Vince Taylor, consultant with Coopers & Lybrand, has been analysing the results of a questionnaire sent to public and private sector agencies. "I was very surprised at the high degree of consensus," he says. "There seems to be broad agreement.

"They would like to see Gloucestershire re-established as a leading region within the UK. They want to see a balanced economy of manufacturing and commerce, rather than as in the 1980s when commerce was appearing to dominate. Education features strongly as underpinning the employment skills."

Gloucestershire, he points out, is one of the leading British counties in terms of high-technology employment, but its position has been weakening, because of the contraction of the defence and aerospace industries.

The county is, he says, perceived to be a high-quality location, if rather in the shadow of Bristol and Birmingham. But to attract further inward investment, the county needed to correct an image problem, dating back to the late 1980s, of appearing to be full – that there had been enough growth, that the market for labour and property was very tight.

"I think the door has to be re-opened to inward investors. But Gloucestershire cannot just say we're open for business. In order to preserve the quality of life, it has to be very selective – to have a rifle-shot approach."

One strong message from the questionnaire, he says, was the need to preserve that quality of life. "People unanimously thought the natural environment was very good, and the vast majority said it mattered to their organisation in order to retain staff."

The forum will need to take account of local initiatives. For example, Cheltenham has already set up its own business forum and action group to develop an economic strategy for the town, intended to sustain existing businesses and attract new ones.

It also has to take account of the county's geography. While the Gloucester, Cheltenham and Tewkesbury triangle is its economic heart (traditional rivalries have often prevented it from beating as one), individual parts of the county look outwards in different directions. The south looks more towards Bristol, the north towards Birmingham, the east towards Swindon and Oxford.

The forum will have to liaise with the neighbours to develop a sub-regional approach. Mr Hoyle says: "If Gloucestershire believes it can develop an economic plan within its boundaries full-stop, it is unlikely to be successful. In getting a Gloucestershire strategy together, that has to be done with a degree of collaboration with neighbouring counties."

Mr Chris Curtis, director of the CBI's south-western region and a forum member, stresses the importance of the forum but also of this sub-regional co-ordination. Brussels was increasingly looking at a Europe of regions rather than nations, and Gloucestershire would need to look beyond its own borders. "Gloucestershire on its own has not the depth of resource, but needs a wider horizon for strategic planning," he says:

"The CBI believes that, in the very long run, the people who live in the south-west ought to consider a regional development function covering all seven counties of the south-west."

KEY FACTS

Area: 1,020 sq miles. **Population:** 541,000. **Total labour force:** 250,000. **County city:** Gloucester (pop. 105,000). **Largest town:** Cheltenham (107,000). **Members of Parliament:** four Conservative, one Liberal Democrat.

ADDRESSES

Cheltenham Borough Council, Promenade, Cheltenham GL50 1PP *(tel 0242-262626)*.
Cheltenham & Gloucester College of Higher Education, PO Box 220,The Park Campus, Cheltenham GL50 2QF *(0242-532700)*.
Cotswold District Council, Trinity Road, Cirencester, GL7 1PX *(0285-643643)*.
Forest of Dean District Council, Coleford GL16 8AG *(0594-810000)*.
Gloucester City Council, The Docks, Gloucester GL1 2TN *(0452-522232)*.
Gloucestershire Chamber of Commerce & Industry, Conway House, 33-35 Worcester Street, Gloucester GL1 3AJ *(0452-385151)*.
Gloucestershire County Council, Shire Hall, Gloucester GL1 2TN *(0452-425000)*.
Gloucestershire Training and Enterprise Council, Conway House, 33-35 Worcester Street, Gloucester GL1 3AJ *(0452-524488)*.
Stroud District Council, Stroud GL5 4UB *(0453-766321)*.
Tewkesbury Borough Council, Gloucester Road, Tewkesbury GL20 5TT *(0684-295010)*.

David White examines the effect of defence cuts on industry

'10,000 jobs lost' says report

The name Gloster evokes quite different associations from the other spelling of the name. While most people's image of Gloucestershire has to do with peaceful settings – Cotswolds, vales, forests, and spas – it is deeply involved in the military sector.

Gloster was the aircraft company that made the Gladiator biplane and the Meteor and Javelin jets. It was set up in the first world war as the Gloucestershire Aircraft Companyon the premises of a Cheltenham firm. One of its employees, George Dowty, branched out to found the parts company that became Gloucestershire's biggest industrial concern. Unlike Dowty, however, which survives as part of the TI group, Gloster Aircraft Company has disappeared, its name swallowed up in the series of mergers that led to the creation of British Aerospace.

And then there are the Glosters – the Gloucestershire Regiment, also known as "The Slashers", distinguished by the small "back-badge" on the back of their head-dress, commemorating the 1801 battle of Alexandria when they fought simultaneously to their front and rear. The regiment will just be able to celebrate its 300th anniversary next year before it, too, is swallowed up in a merger, making way for an amalgamated Royal Gloucestershire, Berkshire and Wiltshire Regiment.

Defence cuts have hit the area hard. In the industrial sector, where, besides Dowty and Smiths Industries, there is a range of contractors producing everything from bearings and steering equipment to decoys and electronic components, the cuts have coincided with recession in other markets, making the transition away from dependence on defence much harder.

A report produced this month for Gloucestershire county council suggests that total defence-related employment, now around 26,500, has shrunk by almost a third in the last three years. More than 10,000 jobs are reckoned to have been lost in the defence equipment sector, including sub-contractors, as well as some 2,000 civil service posts. The report forecasts more than 4,500 more job losses by the end of the decade, with direct defence-company employment reduced to just half the 1990 level. Gloucestershire has joined forces with neighbouring Avon and Wiltshire in applying for a share of the European Union's Konver fund for vulnerable defence-dependent regions. The application, to support a £4.5bn investment programme aimed at business development, innovation, training and rehabilitation of military sites, was submitted last month.

The three counties suffer in different ways. Wiltshire's defence dependency lies mainly in its concentration of military bases, Avon's in its large aerospace and defence equipment sector. "Gloucestershire's got the lot," says Mr Tony Burley, of the council's Economic Development Unit.

Besides scattered army and RAF bases and maintenance units, Gloucestershire is famously home to the Government Communications Headquarters (GCHQ), the electronic monitoring agency which is the largest arm of Britain's intelligence services. Closely linked to its US counterpart, cloaked in secrecy, and undisturbed by trade union activity, which has been banned since 1984, it has two main sites at Cheltenham, now reckoned to employ 6,500-7,000 civilians. But even this is secret.

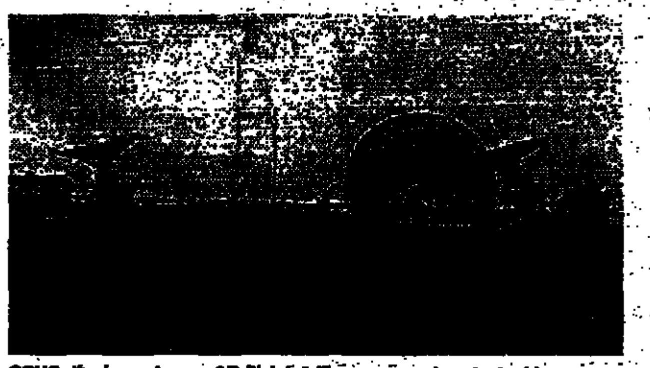
The local economy tied to military bases has also suffered, particularly from the rundown of US Air Force operations in Europe. The US base at Fairford, from where B-52 bombers flew 7,500-mile missions against Iraq in the Gulf war, is mothballed. The USAF and RAF have both abandoned Kemble, a former maintenance depot now used to store army vehicles. A US hospital at Little Rissington has also closed.

Industrially, defence remains prominent among otherwise disparate activities, ranging from Birds Eye Walls' ice-cream factory, which employs about 1,000 at Gloucester, to Rank Xerox's copier plant at Mitcheldean, whose workforce of 1,800 is one of the largest in the county.

Some of the main non-defence industries have also been facing particularly depressed markets. Du Pont, which took over ICI's nylon fibre plant at Brockworth, is reducing employment by a quarter to 750. The Lister-Petter diesel engine plant, at Dursley, now part of the BTR group, is the sole survivor of five main sites. It shed 180 jobs early last year, leaving 900. It has staved off further cuts by diversifying into defence – a US military contract for generator engines, which has boosted the business by 10-15 per cent.

Most defence manufacturers are, meanwhile, seeking ways of diversifying in the other direction. But this is proving especially hard for smaller companies.

An exception is Lydney Products, a plywood and veneer producer in the Forest of Dean which used to rely heavily on supplies for navy wardrooms and the like. In the last six years, it has built up civilian outlets for its products, although this has not stopped the number of employees falling from a peak of about 200 to 90. Defence now accounts for only 15 per cent of the business, says Mr Nigel Haig, commercial director, adding: "It can't help being a declining thing."



GCHQ, the largest arm of British intelligence, remains cloaked in secrecy

High flyers encounter turbulence

Two companies represent Gloucestershire's high profile in the aerospace equipment sector – Dowty and Smiths Industries, *writes David White*. Although both remain world leaders in some technologies, as well as being principal industrial employers in the Cheltenham-Gloucester area, they have both been hit by a cruel combination of cuts in defence expenditure and depression in the airline business.

Dowty, with unique status as a home-grown Gloucestershire company of international standing, succumbed last year to a £497m hostile takeover by the TI group. The old headquarters building at Arle Court, Cheltenham, has been put on the market. The company is now based with TI at Abingdon, Oxfordshire. Focusing on core aerospace businesses, TI has since September sold Dowty's fuel systems subsidiary to Lucas and its electronics interests to a new company, Ultra Electronics, in a management buy-out. This leaves Dowty Aerospace with activities in landing gear, propellers and hydraulics. The military share of sales has dropped from 60 per cent in 1985 to about 25 per cent, partly reflecting the large share of landing-gear work now done for Airbus. The three sites now employ 1,700, a reduction of 15 per cent since the takeover, and barely a fifth of the Dowty workforce in the region in the early 1980s.

Cheltenham also has Smiths Industries' largest aerospace factory, employing about 2,300. Its civil side supplies avionics for Boeing and other airlines, and its military side makes displays for fighter jets, including several US aircraft. About 1,000 are engaged at Cheltenham in each of these activities, with a further 300 in a separate product support operation. Unlike most companies involved in defence, Smiths says it has not tried to lessen its dependence on the military sector, and is eager to exploit opportunities for upgrading existing combat aircraft.

In the medium and longer term, the company is optimistic about both prospects in both the civil and military markets. A £5m investment in a new 60,000 sq ft repair facility, being opened today, testifies to its confident mood.

Roland Adburgham traces financial services' rise

The head-office factor

The biggest single influence on the Gloucestershire economy during the 1980s was the huge rise in jobs in banking, insurance and financial services.

The increase, between 1987 and 1989 alone, was almost 12,000, taking employment in the county to over 26,000, as indigenous companies expanded and others relocated, driven away from the London area by high rents, labour costs and the difficulties of recruitment.

By 1991, the recession had already cost some 2,000 of those jobs as the industry, as elsewhere in the UK, retrenched. The question is whether the sector, which is concentrated on Cheltenham and Gloucester, can now stabilise as a significant, although second-tier, regional centre.

If the community was restricted to a "back office" function, then computerisation would mean future employment prospects were poor. In fact, the county has a good share of head offices, some of which are long established,

The most important relocation has been by Eagle Star, the BAT Industries subsidiary, employing 3,000 locally

and which should be able to continue to attract senior staff.

Cheltenham & Gloucester building society, the UK's sixth largest, has always been based in the county, as has the much smaller society, Stroud & Swindon, which has 25 branches. Chelsea building society, with 50 branches, set up its headquarters 20 years ago at Thirlestaine Hall, a Victorian mansion in Cheltenham, and extended it in 1987. Endsleigh, the insurance company which this season started sponsorship of the football league, moved to the town from London 20 years ago.

Northern Star Insurance, the Italian-owned general insurer, moved from Croydon to Gloucester 10 years ago and has expanded to over 350 staff locally. Ecclesiastical Insurance is also based there. Another headquarters is that of the Canadian-owned Laurentian Financial Group, which moved from Guildford in 1986 to set up shop at Barnswood, on the city's outskirts. (Also at Barnswood is one of the main computer centres of Barclays Bank.)

In Cheltenham, there is Royal Bank Leasing and Mercantile & General Reinsurance, which moved much of its operations there 20 years ago. Although its headquarters remains in London, it has more staff based in Cheltenham, nearly 400. There was, however, a reassessment of group staffing levels last year, which led to about 50 local redundancies.

The most important relocation has been by Eagle Star, the BAT Industries subsidiary. Last year it joined its life subsidiary in Cheltenham by moving its head office and general insurance business from London to a new 470,000 sq ft building at Bishop's Cleeve, just outside the town. The group employs 3,000 people locally.

Mr John Bishop, chairman of Eagle Star, which worldwide has £12bn of funds under management, says the relocation was initiated by the need to expand and the difficulties of finding a large enough building in London (the move was accelerated by IRA bomb damage to its existing City offices.)

Mr Bishop – whose office now overlooks a parkland of sheep – says of any disadvantages of being out of London: "There is none at all as far as Eagle Star is concerned." He points out that many insurance companies are now based outside the capital. "We are a national company that happens to be based in Cheltenham."

The company, he says, has been able to improve its efficiency. "We are able to operate as an entity, and the whole thing works much better. We have our costs under control. We are convinced that, in the long term, this was the right thing to do, with real economies by being here and being able to operate in the way we do, and which will stand Eagle Star in good stead in the future."

Mr Bishop sees no reason why the county should not continue to attract financial services companies. "If I were in London, looking for somewhere to come, this region would be high on my list."

The Eagle Star Life subsidiary moved its own headquarters in 1968 to Cheltenham, where its 13-storey tower block, now being refurbished, is the most prominent landmark. The head office has moved this year to a building with a facade more in keeping with the town's architecture.

"I can think of very few disadvantages to being in Cheltenham, and the quality of life is very good," says Mr Ian Owen, Eagle Star Life's managing director. "There is good access, good employment, good schools and rents are cheaper than in London."

Other than Eagle Star, the last sizeable relocation was that of the Bank of England's registrars department, which completed a move from the City of London in 1991. It occupies a £13m building of nearly 130,000 sq ft in Gloucester, where it employs 380 people, most of them recruited locally.

The Bank decided, in 1987, to move the department on cost grounds. It needed a large building at a lower cost than could be found at that time in the London region, but needed to stay within reach of the City, because of the physical exchange of paper – its main function is the registration of gilt-edged securities. It concluded that Gloucester fitted the bill.

One important factor in the future will be how support services develop to give the local sector more depth and range of employment. One new company is Marlborough Stirling, in Cheltenham, set up in 1988 to sell tailor-made software and business solutions for the sector. It has grown rapidly to over 90 staff, and its clients include some of the leading companies within and outside the county. Mr Huw Evans, its managing director, sees "enormous scope" for further growth.

As a regional centre, a limiting factor is the proximity of the larger financial communities of Bristol and Birmingham, and the big companies tend to retain London-based auditors, law firms and advertising agencies. KPMG Peat Marwick, the accountancy firm, closed its Cheltenham office this year, although Coopers & Lybrand and Grant Thornton keep offices in Gloucester. "A local presence is important, because the Gloucester office has its own expertise," says Mr Nicholas Houghton-Brown, of Coopers & Lybrand.

Mr Darryl Whitehead, Grant Thornton's managing partner in Gloucester, says: "Relative to the indigenous work, the indigenous professionals can handle it very well." A leading Gloucestershire-based accountancy firm is Hazelwoods.

Even in the present climate, investment has not ceased in the county. Endsleigh, which employs 350 people on seven sites around Cheltenham, has just bought a 28-acre site on the outskirts where it plans to consolidate.

"It is a statement of our commitment to Gloucestershire as the future focal point of the company," says Mr Stuart Wartalski, of Endsleigh.

Profile: Cheltenham & Gloucester Building Society

'Time to let the people know we're big'

For the first 20 years in the life of what is now Cheltenham & Gloucester Building Society, founded in 1850, the directors met monthly in a Cheltenham hotel, paying £6 a year for the room.

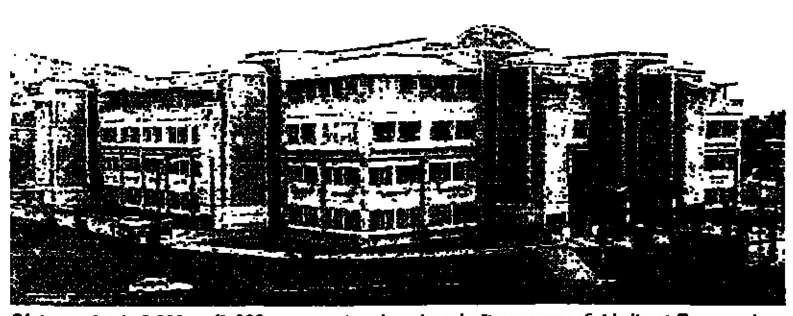
Today, the directors meet in C&G's chief office at Barnwood, near Gloucester, a 185,000 sq ft building completed in 1989 at a cost of £30m.

In between times, the society has grown to be Britain's sixth biggest, with assets of £16.5bn. Mindful of its original prudent directors, it stresses that it is the most cost-efficient of the big UK banks and building societies.

This year, it launched a television advertising campaign with the slogan "We're run to make you richer." Mr Roger Burden, operations director, says: "We thought it was time to let people know C&G was big. That is the theme of the campaign – name awareness. We were concerned that we didn't have the awareness that some other societies have."

C&G likes to be different – this month it stopped selling mortgage endowment policies – and the campaign's slogan tries to reinforce this. "Many of our accounts have quite high minimum balances if you want to invest in them," says Mr Burden. "We do tend to think of ourselves as being slightly upmarket as a building society. I think Gloucestershire helps us in that."

Within the county, no one can be unaware of C&G. Mr Burden says: "We know we're very strong in the county – on the investment side we have over 100,000 accounts. We have over 30,000



Of the society's 3,000 staff, 900 are at its headquarters, built on a greenfield site at Barnwood

mortgages in the county. In terms of investors, we're probably in every other home on average, and in borrowing probably have 20 to 25 per cent of the market." (Nationally, the society has more than 330,000 borrowers.)

People in Gloucestershire, Mr Burden says, tend to borrow a lower proportion of their house-purchase cost than elsewhere, and mortgage arrears are lower. "The county has not escaped this recession but it has been quite stable. It is a solid foundation for us." To reinforce its position, C&G concentrates sponsorship locally – especially on sport – rather than nationally.

The society's half-year results to June 30 showed a 71 per cent rise in pre-tax profits to £75.3m, after an improvement in provisions for bad debts. In 1992 the provisions were £217.8m. The half-year results were described by Mr Andrew Longhurst, chief executive, as "a solid performance in a sombre market." Mr Burden says the fact that house prices have now stabilised "has done marvels for people's confidence. They say maybe the house is worth keeping."

C&G was one of the first building societies to computerise, for which Mr Longhurst was responsible when he joined the society in 1967. "Technology is a very important part of controlling our costs, but it is only one part," says Mr Burden. "We rely on good staff, on training, and we also have a simple and focused approach to our business.

"We've decided not to go for the high transaction banking type-customer, so we don't have cheque-books, we don't have cash dispensers – probably the only building society in the top 10 that doesn't. We don't try to be everything to everyone. We try to stick to the knitting and do what we do best."

The society has 235 branches, many fewer than Leeds Permanent, the fifth largest society, which has over 400. Although the relatively small number helps to contain costs, C&G continues to increase the number.

"We think it is important to be quite large," Mr Burden says. "Size is important in the way we control our costs – you cannot control the costs if you start shrinking the business. We think it's a sign of strength to see the business growing."

Last month, C&G merged with Heart of England, based in Warwick, the 25th largest society; in 1992 it took over Mid Sussex; and the year before, Portsmouth building society. Mr Burden says the mergers worked out the way the society had expected, with the exception of Portsmouth. "With Portsmouth, we were disappointed with the quality of their mortgage book – it wasn't as good as we thought it was. That accounted for a large part of last year's loss provisions. But it will come good."

Today, C&G employs 3,000 staff, of whom 900 are in the Barnwood headquarters, which was built on a greenfield site. C&G moved to Barnwood after failing to reach terms with Cheltenham borough council on a council-owned site. "We couldn't agree a sensible price. We got fed up in the end. We were growing the business – the whole idea of the new building was to be bigger – so we just ran out of time."

The Barnwood staff is now double the number that were at Cheltenham. And work has started on an extension capable of housing another 500.

Roland Adburgham

Relocation: employers tell **Richard Evans** their reasons

'Preferable to the M25'

The smart entrance lobby to the Laurentian Life headquarters outside Gloucester was buzzing at two o'clock, as dozens of employees returned by coach from a shopping expedition to the city centre.

Coaches leave at noon and 1pm each working day, to enable the financial group's staff to shop during their lunch break; and buses are also laid on each morning and evening, to and from the city centre.

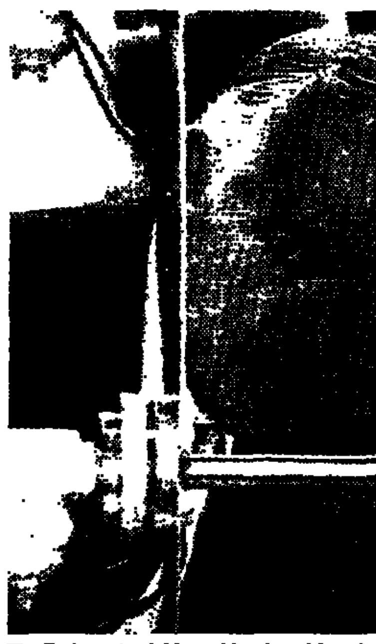
It is part of the company's package of policies to keep the workforce happy in a purpose-built headquarters two miles from the city centre, following a move from Guildford in 1986.

The financial sector has appreciated the benefit of relocating away from city centres and the expensive south-east more than most, but Gloucestershire has managed to persuade a wide range of organisations to set up headquarters in the county. Among them are Colt Cars, Spirax-Sarco Engineering, Nuclear Electric, Kraft General Foods, and the Countryside Commission.

Laurentian traces its origins back to 1896 and the formation of Imperial Life Assurance of Canada. UK offices were opened in 1931, and in 1977 Imperial merged its operations with Laurentian Group Corporation of Canada. In 1987, the size of the UK operation was doubled when Imperial acquired Trident Life, to form Laurentian Life. Imperial was based in Guildford and Trident life in Gloucester, so the management had to decide where to base the combined operation.

Three options were considered: locating everyone in either Guildford or Gloucester, or choosing a new base such as Bristol, Southampton or Bournemouth. "It was quickly decided that an entirely new site would involve too great a commercial risk, and there was only so much disruption the company fabric should be asked to take. It became a straight choice between Guildford and Gloucester," says Mr Iain Tweeddale, managing director of Laurentian Life.

It was not an easy choice, however. The Guildford building could have accommodated



Tim Fortune: 'a stable and loyal workforce'

all the staff, but overheads were much higher. Office space in Guildford in 1986 was £12 a square foot, compared with £5 in Gloucester. A move to Gloucester would entail building a new headquarters, but salary differentials and a much lower staff turnover would bring substantial benefits.

The decision went in favour of Gloucester, to the irritation of many former Imperial employees who thought they should have called the shots as the senior partner in the merger. Around 150 of the 450 Guildford staff decided to relocate to Gloucester, and a further 200 people were recruited locally in a hectic six-month initial training period.

The original intention had been to relocate when the new headquarters was built, but it was then decided to move immediately, because of the danger of flagging morale in a long rundown period. Temporary offices were taken at Mitcheldean, in the Forest of Dean, in premises made vacant by a Rank Xerox cutback, and staff were bussed to and from Gloucester for two years.

The landscaped new headquarters in the Gloucester suburb of Barnwood now houses not only the administrative staff but also the whole investment team, who manage the £1.5bn investments from a purpose-built dealing room.

Among the factors that tipped the balance in favour of Gloucester were: housing, with an average house £25,000 cheaper than in the south-east; education, which was seen as being at least as good as in Guildford; and availability of staff.

"We have had no difficulty in recruiting high calibre people, happy to live in this part of the world ... anything to get away from the M25," says Mr Tweeddale.

One advantage of Gloucester for financial services is that it is within easy motorway range of both Birmingham and Bristol, with their well developed financial sectors, and this makes specialist recruitment easier.

Another company that has found little difficulty in recruiting technical staff in what has traditionally been regarded as a rural county is Spirax-Sarco Engineering, specialists in the control of fluids.

The company moved to Cheltenham from central London in 1939, because of apprehension about the outbreak of war, and now employs 1,000 at its headquarters and 3,000 worldwide.

Mr Tim Fortune, group managing director, has found no employment problems, partly because of skills acquired in the local aerospace and defence industries. "We find the workforce is particularly stable and loyal," he says.

The Colt Car Company, importers and distributors of Mitsubishi cars, did not make quite such a calculated decision as Laurentian to set up head- quarters in the county. It happened largely because a couple of the directors lived in the area when the company was launched, and it seemed a more desirable and cheaper base than London.

The company was founded in 1974, as a joint-venture partnership with Mitsubishi Corporation of Japan, and thefirst office was in four rented rooms in Dollar Street House, a converted mansion in the heart of Cirencester.

The historic market town was chosen partly for its convenience for the directors, and partly because of its more general convenience as a natural crossroads since Roman times. It has ready access to London and the south-east, Wales and the south-west, the Midlands and the north.

By 1976 the company had outgrown the small offices, and moved to new purpose-built accommodation in nearby Spitalgate Lane. A second move followed 10 years ago, when the expanding company moved to its present headquarters on a six-acre freehold site at Watermoor on the outskirts of Cirencester.

Because of Cirencester's historic past, and the fact that the building is the first the visitor sees when travelling from London and the M4, planning restrictions were stringent. The main building, next to an old coaching inn on the Roman Fosse Way, is restricted to two storeys and shaped like a W to hide a big industrial warehouse. The complex houses all the company's sales, parts, marketing, accounting and computer functions.

Colt ran its own dock and shipping compound at Newport, in south Wales, from 1974 until last August, but the operation has just been transferred to the Royal Portbury Dock in Bristol, where larger vessels can be berthed and unloaded.

Colt tries to make the most of its local connections, and uses local legal, technical and support services as much as possible. It is currently sponsoring the locally-based Badminton horse trials.

Tourism: **Roland Adburgham** on one of the county's main industries

Councils unite to welcome visitors

It is as evocative a litany as any in England: Sheepscombe, Coln St Aldwyns, Windrush and Birdlip. The names of Cotswold villages conjure up the image of limestone cottages, drystone walls, sparkling streams and wooded valleys, an image which helps to bring 11m visitors a year to the county.

In consequence, tourism has become one of the four leading industries in Gloucestershire with spending by visitors in 1992 put at £212m. Over 17,000 people are employed by the industry and, on the calculation that each job supports one half of another elsewhere, it is reckoned that it sustains one in 10 of all jobs in the county.

During the recession, as elsewhere in Britain, tourism has suffered, and there have been job losses, but fewer than in other important sectors of the local economy. In 1992, visitor numbers to attractions were down by about 2 per cent on 1991. This year has seen no real recovery, although overseas visitors, encouraged by the devaluation of sterling, have helped to some extent.

About one in five visitors come from abroad, but they account for over a third of all tourist spending, partly because so many of the other visitors – 9.5m of the 11m total – are on day trips.

Although the Cotswolds are almost synonymous with Gloucestershire – nearly all their 800 square miles lie within its boundaries – they are only one reason why people want to visit the county. "The great thing with Gloucestershire is that the county itself is a draw, rather than any one component within it," says Mr Colin Potts, principal tourism officer of Gloucestershire Tourism, an innovative marketing and development partnership set up seven years ago by the county council and six district councils.

The partnership acts a co-ordinator of these councils' individual programmes and as a link with the Heart of England Tourist Board. For example, Gloucestershire Tourism promotes directly in the US a guide for travel agents with hotel prices quoted in dollars. (The US is the main country of origin among overseas visitors, followed by the Netherlands and Germany.)

The county benefits by being able to offer what Mr Potts describes as "quintessentially English countryside" within reach of Heathrow, Gatwick and Birmingham airports. "First timers to Britain will usually go to London first," he says. "But for those who have been to London before, we are a very good first stop – after a flight arriving in the early morning, one can be in a lovely country-house hotel in perfect English countryside by early afternoon."

Despite the appeal of the Cotswolds, the county is keen to divert visitors away from the obvious, and sometimes

Gloucestershire landscape: one in five tourists comes from abroad

overcrowded, honeypots. In fact, the most popular single attraction is not in the Cotswolds but Gloucester cathedral, where visitors in 1992 were estimated at 450,000.

Gloucester, while lacking the regency splendours and quality shops of Cheltenham (and it can boast only one restaurant in the latest Good Food Guide, compared with Cheltenham's four) also has its historic docks. The restoration of these has been the single most important tourist development in the county in the past 10 years.

The docks, connecting the river Severn with the Gloucester and Sharpness canal, no longer have any commercial shipping. But the 15 handsome Victorian warehouses now include shops, the National Waterways and Regiments of Gloucestershire museums and the Robert Opie collection of advertising and packaging. An antiques centre in one warehouse had nearly 400,000 visitors in 1992.

English Heritage is restoring another of the city's antiques, the 13th century Blackfriars Dominican friary, which is expected to become a big tourist attraction. The city has improved its appeal for visitors and residents alike by pedestrianising part of its centre. Mr David Scott, director of planning and development services, says: "I think there is a sense of optimism in the city that we've got tremendous assets; we're making the best of those assets, and we're going to go on improving them."

Elsewhere in Gloucestershire are such inspired gardens as Hidcote Manor and Owlpen Manor. There are the Stroud valleys, the Westonbirt arboretum, Tewkesbury Abbey, the Wildfowl and Wetlands Trust at Slimbridge, the roman town of Cirencester and Cheltenham itself, with its art gallery, Pittville Pump Room and festivals of literature and music.

On the other side of the Severn is the Forest of Dean, which the walker John Hillaby described as "perhaps the most beautiful assembly of trees in Britain." In the south is the Cotswolds water park, flooded gravel workings which are claimed to have a greater water area than the Norfolk Broads.

We took the Romantic Road, an ingenious route through quiet Cotswold lanes devised by Cheltenham Tourism. Despite finding that, even in October, three quality hotels along the way were fully booked, on the road itself we saw more pheasants than cars. (At the Country Elephant restaurant, at Painswick, it was hare rather than pheasant on the menu.)

Gloucestershire will want to keep it that way. Mr Potts says: "Our greatest asset is the natural environment, and our challenge is to encourage sustainable tourism to maintain that environment. We want to encourage visitors in the countryside to help sustain farms and village shops, but in such a way that they don't harm the environment."

He points out that the contraction of some other industries will put even more emphasis on tourism, but that it is vital that the county does not become over-reliant upon it, as have some seaside areas. Gloucestershire Tourism is now devising a strategy for the next five years, and is encouraging such activities as walking and cycling and the use of local services.

The challenge, Mr Potts says, is to have a good tourism policy under the threat of funding cuts, with no grants available to encourage tourist development, and to counter what he calls the government's "woefully inadequate" funding of tourism in England, compared with the much more generous funding for Wales and Scotland.

Overnight visitors themselves might themselves require generous funding. A couple staying, for example, in a four-poster bedroom with jacuzzi bath at the Swan Hotel at Bibury could pay £176 for one night's bed and breakfast. But Mr Potts says this type of hotel has weathered the recession better than some middle-ranking ones. This may prove that Gloucestershire must continue to trade on quality rather than mere numbers.

Villagers recognise the benefits but still want fewer tourists

One of the prettiest villages in the Cotswolds is Bourton-on-the-Water, and therefore it is one of the most popular.

For that reason, Cotswold district council has carried out a year-long investigation to assess the impact of tourism and to devise a visitor-management plan.

The plan's aim will be "to maximise the economic benefits of tourism to Bourton and its environs, while minimising any adverse environmental impact."

Nearly 2,300 visitor were interviewed and a questionaire was sent to all 1,000 households, and returned by half of these.

Among the residents, the study says, "there was a general acceptance that tourism had brought benefits to Bourton, but that the village was not flourising, merely surviving.

"This may be a reflection of local views in the light of the current recession. However, when asked how they would like to see tourism change over the next 10 years, by far the most common answer was 'less tourists'. In a way, there is a contradiction in these two views."

The study comments that the desire among locals to see fewer tourists "is a surprising statement when compared to the employment provided to local people in Bourton... The economic importance of tourism to Bourton families is undoubted and, perhaps, should be better appreciated by local residents."

The survey found that fewer than one in 10 visitors stayed overnight in Bourton. 40 per cent returned home at the end of the day, and the remaining 50 per cent were touring and staying elsewhere, typically in Bath or Stratford-upon-Avon. The visitors' most popular suggestion for improvements to Bourton was traffic controls.

"From the visitors' point of view," the study says, "Bourton offers all the features we would wish to be seen as indicative of the Cotswolds, rather than a village that has lost some of its character through commercialisation of tourism – yet the more crowded it becomes, the less able they are to appreciate it."

Roland Adburgham

The Cotswolds face economic problems

Farming jobs wither

The economy of the Cotswolds, one of the most picturesque parts of England, has been hit in recent years by two factors: changes in the structure and needs of agriculture, and a decline in defence industries.

To meet the growing problems, a Countryside Employment Programme (CEP) was set up 18 months ago, as one of three pilot schemes to help vulnerable farming areas cope with change in the 1990s. An assessment has now been made, and a package of measures proposed.

It is estimated that accelerating changes in agriculture and defence could account for at least 600 job losses in the Cotswolds over the next three years. In an area with a relatively low rural population spread thinly through dozens of villages and small towns, this will have a devastating impact on the local economy if alternative employment is not found.

The assessment, conducted for the CEP by Shankland Cox and Gould Consultants, estimates that 30 per cent of farms are likely to reduce staffing in response to changes in the common agricultural policy and other factors. These redundancies will occur mainly on large farms which are marginal for cereal production.

Over the last 10 years, the numbers employed on farms have fallen by an average of 5 per cent a year. This is likely to continue, in addition to the impact of the EC reforms and the Gatt negotiations.

The fall-out from defence restructuring on the CEP area, which covers Cotswold district council, in Gloucestershire, and West Oxfordshire district council, will be felt through the run-down and closure of Ministry of Defence establishments and reduced defence spending. In Gloucestershire, the impact will come largely from a drop in orders to defence manufacturing companies in Cheltenham and Gloucester.

The area has experienced a sharp rise in unemployment over the last two years, and long-term unemployment is a particular problem, with 40 per cent out of work for more than six months. A third of the unemployed are in their twenties.

The aims of the CEP, a three-year programme led by the Rural Development Commission in partnership with local councils, training and enterprise councils and other bodies, is to stimulate job creation, training and community development.

This *means that substantial* economic adjustment is inevitable, involving the diversification of businesses, encouraging new ones, backing innovation development and expansion, and promoting inward investment. Much of the initiative will come from the private sector, but public sector organisations will be expected to facilitate the process of adaptation and growth.

Mr Len Smith, project manager of the Cotswold CEP, says that, because there is a steady drip effect of job losses (rather than the sudden impact of a colliery or steelworks closure), few people have appreciated the scale of the local problem.

He sees the answer in a package of proposals now being developed, including diversification by farmers away from agriculture, the development of tourism, and encouragement for existing local businesses to expand.

"Emphasis is usually placed on business start-ups, but that can be an expensive high-risk strategy," says Mr Smith. "I prefer to back existing businesses that already have a track record. Job creation is quicker, and you get stability of employment."

A pilot scheme is being launched this month to subsidise employer-led training groups. It is available to all rural businesses *and pays up to 50 per* cent of training needs assessment.

There is also a proposal to employ a business adviser, who would pick 30 local small businesses as potential winners and give them financial, management and consultancy help. The scheme should be launched in January.

The greatest potential probably lies in the development of tourism, where the target is to create around 1,500 jobs over the next three years. The area is already a well known tourist attraction, and parts can get crowded in the summer; but research shows that most visitors pass through *en route* from London or Oxford to Stratford-upon-Avon, the Midlands and the north, and that very few stay.

The intention is to encourage development of good quality accommodation, to ensure that more visitors stay in the area and spend more. Mr Smith believes there are good prospects for combined part-time jobs in tourism and agriculture. "I find that farmers can cram more cars in per acre than an NCP attendant ever can."

The plan is to extend the network of walks, cycle tracks and bridle paths, and to concentrate on short breaks and activity holidays.

Plans are also in hand for the provision of better bus services, to encourage mobility, more creches to enable women with young children to return to work, and the development of teleworking, so that more people *can work from home or in their* own village.

Richard Evans

The Forest of Dean remains industrially vulnerable

Loss of aid status is a blow

The Forest of Dean, although part of Gloucestershire, is significantly detached from the rest of the county by its geography, history and economic traditions, and it has to come to terms with very different problems in the 1990s.

Unlike other parts of the county, which have an agricultural tradition, the forest has played a largely industrial role in an attractive rural setting of former royal hunting forests.

Its recent history highlights the long-standing vulnerability of the local economy, which has been heavily committed at various times to industrial sectors that have performed badly or disappeared altogether.

Iron has been mined and smelted since pre-Roman times and the coalfield was heavily exploited in the last century. In 1944, 55 per cent of the workforce was in mining and 26 per cent in steel and engineering, but both industries went into decline and the last deep pit closed at the end of 1965.

Attempts at diversification included the move by British Acoustic Films into an old brewery site at Mitcheldean. The company was taken over *by Bell & Howell, the US film* camera manufacturers, which in turn was acquired by the Rank Organisation. This turned out to be a stroke of good fortune for the local economy.

Rank Xerox, formed in 1956, by Rank and the Xerox Corporation of the US, started copier production at Mitcheldean in 1959. By the mid-1970s, it was employing nearly 5,000, mostly at Mitcheldean but also at Cinderford and Lydney. In the early 1980s, came the double blow of recession and the expiry of the Rank Xerox patents. Competition from Japan was intense, and Rank Xerox was forced to cut production. Employment was down to 1,200 by the mid-1980s.

With vacant space at its 67-acre manufacturing site, Rank Xerox then created a business park and enterprise workshops, to attract a wider variety of employment. Among the organisations now on the Mitcheldean site are an electronics company and a software manufacturer.

Rank Xerox remains the largest employer with a current workforce of around 1,800. Its commitment to the forest was underlined in 1990, when the company's electronics manufacturing was relo*cated from Welwyn. Mitchel*dean is now the company's European manufacturing centre for electronics, wiring assemblies and fused rolls.

Rising unemployment in the early 1980s, which reached 16.8 per cent in the Cinderford and Ross-on-Wye travel-to-work areas, led to the forest receiving assisted-area status in 1984. The benefits, including regional selective assistance and access to European regional development funds, restored some confidence, and unemployment fell below 5 per cent.

But there remains a narrow industrial base, heavily dependent on the manufacturing sector and on a small number of medium-sized employers. These include Smith Kline Beecham, Engelhard Industries, Lydmet (formerly British Piston Ring), and SCA (formerly Reed Packaging). Unemployment has recently crept back above 10 per cent.

A big blow was struck to the fragile recovery last summer, when assisted-area status was not renewed. A particular worry has been the growth in the number of people having to go outside the forest area for work, particularly to defence- and aerospace-related jobs elsewhere in the county. It is *feared that these will* inevitably be reduced as defence spending is cut.

Another fear is that, with the loss of assisted-area status, the area will again suffer from undue "competition" provided by assistance still available across the Welsh border in Gwent.

The best hope for support now is an extention of rural-development area status northwards, to link up with a similar application from Hereford and Worcester and Shropshire for the Marches.

Mr Dick Whittington, assistant director of administrative services at Forest of Dean district council, says: "We are confident we will retain our rural development status, and hope we can extend the area, but there is no way this can compensate for the loss of assisted-area status." He sees few signs of recovery from the recession.

The structure plan for the forest, which goes to public inquiry next spring, argues that 4,500 new jobs are required by the year 2001, mainly concentrating on the three centres of Cinderford, Lydney and Coleford. But a recent study by the University of Warwick suggests that medium-term employment prospects "are at best limited, with only modest employment growth projected under the most optimistic scenario."

One area of potential growth is tourism, based on the attractive landscape, the development of many woodland tracks and bridle paths by the Forestry Commission, and the area's rich industrial heritage.

Richard Evans

Wool mill's well-knit descendants

A parable for industrial change can be found at Nailsworth, in a deep wooded valley in the south Cotswolds.

Once, there was a woollen mill, part of the local textiles industry which faded. In 1879, when the mill closed, it became a fibreboard factory, employing at one time 500 people. But that market declined in the 1960s and 1970s, and this, too, closed in 1981. Then, the site became an industrial estate.

Walking sticks at Phoenix

E.A.Chamberlain (Holdings), the property development company which owns and manages the Nailsworth Mills Estate, as it is now called, is run by the same family that owned the board mill. Today, there are as many people as in the mill's heyday on the 20-acre site. The estate includes a Somerfield supermarket, a planned garden centre, and an extraordinary range of other enterprises.

There is Phoenix Walking Stalks, which employs five people and makes umbrella handles and no fewer than 120,000 walking sticks a year, most of them for the National Health Service. About four times a year, Mr John Faulkner, its managing director, visits sweet chestnut coppices to buy the wood. The most modern piece of technology is a microwave oven used in the drying process.

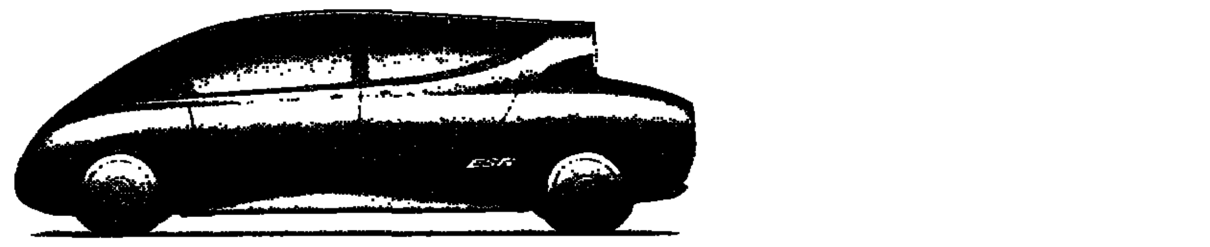
A bigger employer, with 25 people, is QS (Enamellers & Polishers), which coats and polishes metals. It has a 90ft. powder-coating oven big enough to walk through, if it weren't for the fact that the temperature is 200 degrees celsius. The company handles everything from balustrading and steel-mesh partitioning to car chassis and roof racks. Before the recession, it employed 45 people, but it was particularly hard-hit by the loss of its biggest customer.

Then there is Fluid Transfer, an engineering company which employs nearly 100 people making the vehicles which refuel aircraft. Another, Vaccar, makes milking equipment, employing 12 on the estate. A recent arrival is Plastics Engineering, set up 19 months ago by just three people. "From the moment we opened our doors it has gone off like a rocket," says director Mr David Stallon.

Another successful newcomer is Selsey Herbs, run by Gillian and Peter Wimperis, who supply packed herbs, spices and pot-pourri to stores and have started exporting. They say turnover doubled in 1992, compared with the previous year. When they advertised last month for someone with the esoteric skills of calligraphy to letter gift-boxes, they expected one or two applications but had no fewer than 13.

E.A.Chamberlain is headed by Mr John Chamberlain, grandson of the board company's founder. The vice-chairman is his son James, who is also director of a small Gloucestershire company recently set up to sell its own invention, the Rako Miniveyor, a portable conveyor for the building trade. E.A.Chamberlain is seeking a tenant for the estate's largest industrial unit. A 30,000 sq ft purpose-built factory, it will be alongside one reminder of past days: a still well-patronised bowling green.

Roland Adburgham



Profile: Farmington Stone

Facing up to 'kerb appeal'

Traditional rural industries, including quarrying, have suffered a sharp decline in recent years, but one Gloucestershire company has bucked the trend dramatically.

Farmington Stone, in the heart of the Cotswolds east of Cheltenham, has seen demand for its products surge. It has exported paving stones to Beirut and fireplaces to Hong Kong and Dallas, as well as supplying housebuilders and the construction industry in the UK with its honey-coloured local stone.

The quarry, part of a 1,000-acre estate, was acquired in 1902 by the grandfather of the present owner, Capt John Barrow, and run for years as a profitable but minor sideline. "It ticked along perfectly happily, with half a dozen men, waiting for people to walk through the door and place an order," says Capt Barrow.

Growth in the sales of flagstones and fireplace surrounds means these decorative products now account for around 50 per cent of turnover

Then, in 1987 it was decided to give more attention to stone production, when European Community regulations made farming less profitable. The timing was ideal, because there was growing demand for stone of all kinds as the boom in domestic and prestige public building gathered pace.

Over £500,000 was invested in new workshops, offices, quarrying and processing equipment in order to increase output, improve quality and widen the product range. There are now six mobile mini production lines in the middle of the quarry.

The recent recession brought its problems, particularly in the construction industry, where contracts dried up and there were payment difficulties especially from the bigger contractors.

New markets had to be developed, and two were specifically targeted: housebuilding and decorative products, such as paving stones, flooring, fireplaces and garden statues.

Although housebuilding went through a notoriously difficult patch, demand has soared in recent months, partly because of a general improvement in the market and partly because of a change in perceptions towards natural stone.

Mr Martin Robins, managing director of Farmington Stone, argues that builders, architects and housebuyers have had to be educated into accepting that stone, traditionally regarded as expensive, need add very little to the cost of a house. "We estimate it adds around 1 per cent but greatly increases what is called the kerb appeal of a house," he says.

The market for stone facing has "really taken off" in the last few months, helped by the increased influence of the green lobby and the emphasis on the use of natural products.

There has also been a big growth in sales of flagstones and fireplace surrounds through retailers and a sales force of 30, and these decorative products now account for around 50 per cent of turnover.

The limestone quarry, in use since Roman times, has sufficient reserves of good stone to last a further 50 years at the present rate of extraction of an acre every five years. But there is one big problem. "We could take on 20 more workers and run shifts round the clock for seven days to fulfil orders, but we can't get the people," says Mr Robins.

The difficulty is location. Farmington is miles from anywhere, is not served by public transport, and pays local wages for labouring work. Nevertheless, it is ironic that in a county that faces growing employment difficulties as rural and defence industries run down, the job offers have no takers.

Richard Evans

Graham Hoyle has an evangelical view of the IiP programme

Training: the Tec's programme has received huge support

Investors in people

Gloucestershire Training and Enterprise Council has attracted countrywide attention for its success with the Investors in People programme, which encourages organisations to achieve a nationally agreed standard for training and developing staff.

Mr Graham Hoyle, chief executive of the Tec, which was ranked among the top 10 of England's 75 Tecs when the government published performance tables in September, describes IiP as "central and critical to our mission".

Since the IiP programme was launched two years ago, a total of 373 local organisations – including schools, colleges and businesses ranging from those with just a few staff to some of the county's largest – have dedicated themselves to achieving the IiP award. They cover about 40,000 employees – or one in five of the county's workforce.

Mr John Hazelwood, the Tec's chairman, has pointed out that the number of committed organisations is more than the total in Scotland and Wales combined. To date, the IiP award has been gained by 15 Gloucestershire-based companies, including Birds Eye Wall's, of which Mr Hazelwood is general manager, and which has the largest ice-cream factory in Europe.

The Tec expects that, by March, the number committed to IiP will have risen to 500. Mr Hoyle has an evangelical view of the programme. Schemes for the unemployed, he says, have a very marginal effect in improving the overall skills base of the workforce, and what is needed is to improve the skills of the vast majority who are in work.

"We have taken a very pragmatic approach to up-skill the county," he says. "We realised we had a difficult issue. We wanted to see the skills base raised of the employed workforce, but there was no money for this from the government. The only route was to persuade employers that it was in their financial interest to invest in training their workforce."

In recessionary times, when companies are more likely to shed than recruit workers, it can be even more difficult to persuade them to spend money on training. But Mr Hoyle says there is no inconsistency in training people who might subsequently be made redundant.

"It is very, very simple. A company is making an absolute commitment systematically to develop and train its workforce. That workforce will go up and down, but IiP says that, no matter what is the company's trading position or size, we are committing ourselves to training everyone."

A substantial part of the Tec's resources has been channelled into the programme. Of the Tec's total budget of £13.5m, it invested £750,000 last year in IiP with technical support, providing up to 50 per cent of employers' costs.

This year, the funding is less, between £550,000 and £600,000. "A deliberate decision was made that, having created a critical mass last year, we did not need the same kind of unit cost per company to keep the programme, and that's proving to be the case," says Mr Hoyle. "We are now able to bring companies on, and start to drive them through the process, at a much lower cost than last year."

He adds: "No company is going to go down this track unless they have a pretty good feeling it will benefit them financially. It would be mad to go down that route, and to put energy into what is a demanding programme, unless there was a tangible benefit from it." He describes IiP as a statement of sound management practice – that companies need to look at their most valuable and expensive asset, their staff.

Another evangelical supporter of IiP is Ms Sam Elliott, owner of the 23-bed Grapevine Hotel at Stow-on-the-Wold and a board member of Investors in People UK, launched this year by Mr David Hunt, employment secretary, to promote the programme. She describes how gaining the award has given the staff a heightened motivation, which has shown up in the bottom line:

"In one year, we have turned our position round from feeling financially threatened in the midst of recession to being secure in the knowledge that we are controlling our present and future position in the marketplace."

Another company which has gained the award is Signet Armorlite Europe, in Gloucester, which supplies ophthalmic lenses. "We want people to be achievers," says Mr Nelson Hawkes, managing director. "If they are achievers they are happier, more productive, more able to see the company's success as their own success."

A printing company committed to the programme is Cooper Clegg, of Tewkesbury, which employs nearly 150 people. Mr Ian Cooper, its chairman, says that, despite a lack of financial support for the costs, he strongly supports the programme. "I cannot exaggerate how important I think it is in keeping people motivated."

PMC, a Cheltenham management consultancy with 16 staff, which is seeking the award, says the programme has created a "disciplined and repeating cycle" of commitment, planning, action and evaluation, which are the main principles of the IiP standard.

A much larger company which already has the award is Renishaw, the maker of precision measuring equipment, based at Wotton-under-Edge with 800 employees. "Companies should naturally look to improve their assets, and people are a highly valuable asset," says Mr John Oldham, its personnel officer. "IiP is absolutely important to help us develop in all directions. It is the basis for the future."

Roland Adburgham

College will seek university status

For a county, there is no substitute for having the kudos of a university, and Gloucestershire lacks one. But, all being well, by the start of the academic year in 1994, it will have.

Cheltenham & Gloucester College of Higher Education, which already has degree-awarding status, is preparing its application. To qualify, the college has to satisfy the Higher Education Quality Council that it meets the criteria for awarding research degrees and has sufficient numbers of research degree students.

It will decide before Christmas on the timing of its bid. Mr David Soutter, assistant director, finance, says: "We will only apply once we are confident we are going to get it. We want to be absolutely sure in our own minds that we meet all the criteria, and then we will put forward a firm application. If a bid is made early in 1994, we could be a university by the start of the academic year."

The college is recruiting staff with research-degree supervision experience, and providing facilities. "We also have to demonstrate a research culture, which means having appropriate programmes for development of our own staff," says Mr Soutter.

"As of today, we have some 40-plus research degree students and over 30 part-time, and that's a significant increase on this time last year. It represents a shift in the balance of our student population to an increasing emphasis on postgraduate research and postgraduate students."

The college was formed in 1990, as the result of a merger between the College of St Paul & St Mary and the higher education courses of Gloucestershire College of Arts & Technology. Now, it has 5,200 full-time students, just under 2,000 part-time and another 1,000 on leisure or continuing education courses.

About 20 per cent of the total are mature students, and more than half are female. Between 30 and 40 per cent of the students come from within the county.

The college has strong links with industry, although some business people consider it weak on the engineering and science side. But Mr Soutter says: "There is not a strong demand for us to produce graduates in technological and engineering subjects. The reality is that the major employers are not recruiting large numbers of these graduates."

The areas where the college regards itself as strong are in business management, computing, media, arts, fashion and design, and in all aspects of the environment and landscape. "There is a very good fit with the economic areas of strength in the county," says Mr Soutter. "We are also strong in English and history; that fits well with the strong historical sense in the Cotswold area."

The college, which regards itself as a national leader in school-based teacher training, has a vocational bias. Mr Soutter explains: "Even in our academic subjects, it's an important part of our modular degree structure that we develop transferable skills for all students, so that they are able to adapt quickly to their chosen field."

As part of its expansion, the college is midway through a £30m building programme in Cheltenham, funded out of asset sales and £8m of borrowings. Two new premises were opened this year, one for hotel and catering management, and another for work in landscape architecture. A media centre is to be opened by Mr David Puttnam, the film producer, next Thursday. A multi-purpose complex including 21 lecture rooms and a student union will open next October.

The college has a Church of England ethos, reflecting the history of the College of St Paul & St Mary, which was founded in 1847 by religious leaders to train teachers. "We very much try to have that ethos as part of the college's mission and strategy," says Mr Soutter. "It is reflected in the range of courses and is why, for example, we are strong in teacher training and religious education.

"It is why we attach a lot of importance in our modular degree structure to the right of the individual to have control over his or her course. It's why there is a strong emphasis on support mechanisms for students, such as counselling. And we try to make ourselves accessible to the whole community, rather than just being education for the privileged."

The college is in the process of launching a sponsorship and development campaign. Mr Soutter says: "We are receiving very strong support in getting that off the ground from businesses, although clearly what they are looking for is being associated with a university. We expect those links to come through as the college moves towards university status."

One undecided matter is what it should then be called, although "University of Gloucestershire" or "of the Cotswolds" are obvious possibilities. The final decision will rest with the Privy Council.

Roland Adburgham

RECRUITMENT

JOBS: Readers' explanations of practical skills range from life after death to pulses in the brainbox

Working in a worrying wonderland

"Curiouser and curiouser," cried Alice in wonderland. More curious still is that the Jobs column seems to have joined her without doing anything unusual *such* as following rabbits down holes or drinking strange potions (other than those prescribed for the Beijing flu).

All I did was ask you readers a practical question about the most everyday *of topics*: to wit, how do you do your work?

That was 10 weeks ago, and 128 of you have kindly replied from 14 countries, citing experience in a great variety of jobs. The snag is that the *answers often just* deepen the mystery my question was meant to clear up. Indeed, some of your explanations of how skilled work is done are literally out of this world. An example is the reply from Switzerland saying: "The key to this phenomenon is reincarnation."

The question certainly seemed down-to-earth on the day it was asked, even though the work you readers do is of a complex mental kind. *Ironically*, I was expecting most of you to confirm that the way you actually use your mental skills is *less* complicated than we are led to suppose by a notion evidently underpinning the bulk of conventional education. And while the fact that you've largely done the opposite may serve me right for being presumptuous, I do wish you hadn't. In that case, what follows would have been plain sailing – just a summary of your practical explanations, contrasting them with the said educational notion.

But now you have brought reincarnation and the like into the act, some philosophy is unavoidable. So let's start with the proposition that there are different kinds of knowledge, of which two in particular form the main focus of academic curricula.

One kind is factual: knowing *that something* is so. The other is the explanatory sort: knowing *why* something is so. For ease of reference, both the know-that kind and the know-why sort can be lumped together as know-*about* – which brings us back to the educational notion.

It is that operations requiring mental ability consist of two separate stages. First, we think out what to do, using know-about to form an intellectual plan of the actions that need to be taken. Second, having drawn up the plan in our heads, we carry it out in practice.

Now that is clearly far from always the case. For example, we all know *that* it is possible to ride a bicycle, so being more clued-up than Dr Johnson who apparently refused to believe it. Moreover those of us who also know *why* it is possible would be better equipped than his contemporaries to persuade him he was wrong to see it as the equivalent of lifting oneself up in a bucket.

But possession of both the know-that and the know-why would not be enough to enable someone to ride a bicycle. That requires know-*how*, which is different. It strikes me that what applies to bike-riding applies to most kinds of skilled work. And the same view happens to be shared by about 70 per cent of you who replied. The trouble is that you differ radically in your beliefs about know-how's nature, being split into three main camps.

One is the pure intuitionists for whom know-how ranges from indefinably intricate to plumb mysterious. While few go as far as the Swiss reincarnationist, a good many come close, especially in their account of creative skill. To them, its essential source is not in any individual head or body, but in a universal, supra-human, invisible intelligence. In support, one camp member has sent proofs from a book to be published next year by Blackwell, which cites a study of the use of intuition by 1,312 managers in nine different countries.

At the other pole are the grey materialists, who see know-how as rooted in the pulses of the flesh, particularly the bit in the brainbox. Although less expansive than the intuitionists' accounts, their views are more testable. What's more, they have the broad backing of an authority in the field, neuropsychologist Tim Shallice of London University.

He says the latest scanning techniques have already traced the networks of brain cells responsible for numerous "sub-components" of mental action, such as ability to recall short lists of words. Some of the processes, however, are intelligent without being conscious. An example is "blindsight", by which certain people partly blinded by illness can not only detect but precisely *locate a purely visual stimulus* they cannot physically see.

Professor Shallice expects that in 20 years or so we will have a brain map of all the main mental functions. But even if we do, it won't solve the ultimate question of why they operate intelligently.

Hence there would seem to be still room for incorporeal if not unearthly influences of the sort favoured by pure intuitionists. To which my response, as perhaps befits a scared sexagenarian, is agnostic. After all, though such postulations seem improbable, there is no conclusive evidence to hand that disproves them.

The only one of the camps I feel able to *refute* is the *smallest*: 37 readers who think know-how essentially the same as the know-about taught in schools. The sole reason why our practical skill often seems intuitive, they say, is that we have so deeply absorbed the know-thats and know-whys which compose it as to have forgotten we ever learned them.

My disagreement is on two grounds: real-life experience and an observation made a century ago by *the American pragmatist* philosopher William James. It is that a distinction between two kinds of knowledge is recognised by several languages other than English. One sort is intellectual know-about – *wissen* in German, for instance. The other is *kennen*: direct knowledge as exemplified in knowing another person.

The related experience came in August when with Pam, my wife, and our 34-year-old son Jon, I was sailing our Holman sloop Malaguana from Dartmouth to the Exe. The wind was moderate but tricky and the tide unfavourable, if anything worsening with time.

I've done a fair deal of sailing, and helmed for the first hour. At the end we'd gone 3½ miles, but 20 degrees off the ideal course.

The second hour was steered by Jon, who has thousands of sea miles behind him, hundreds of them in Malaguana. He too firmly grasped the stout wooden tiller, though with a lighter hand than mine, and managed 4 miles no more than 10 degrees off line.

He then persuaded Pam to *take over, which she resisted* because she has done hardly any helming except on a previous sail alone with Jon. Nor has she any time for, let alone knowledge of, the theory of sailing. Instead of *grasping the tiller, she just rested* one finger on it ... and achieved 4¼ miles dead on course.

"Isn't it sickening?" Jon said. "She out-sailed me last time too." Asked how she did it, she said: "I can feel with my finger when the boat's going at her best. So if she falls off, I just nudge her gently about till she's happy again."

That is plainly a case of James's direct knowing. What's more, on reflection, I find the same provides a more fitting explanation than know-about of my way of writing. The salient difference is that, whereas Pam "feels" the boat, I "hear" the English language. So it may be that *the main root of know-how* is unusually sharpened senses.

True, there is not much hard evidence to support my theory either. But at least it's simpler than reincarnation.

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The individual sought must have a strong academic background, knowledge of European business activities, and must enjoy working in an entrepreneurial environment with other professionals. A knowledge of Canadian corporations is useful but not essential. You should be seeking an opportunity for personal development and recognition within a highly respected firm.

Interested candidates should write, to Michael Herst, enclosing a full Curriculum Vitae and quoting reference MH448.

HARRISON WILLIS
SEARCH AND SELECTION PARTNERSHIP
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
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RESEARCH ANALYSTS

£40 - £50k + substantial bonus — *London*

Our client, the world's largest private investment organisation, has built its reputation and business upon consistent long-term investment performance, based on fundamental research and analysis combined with superior fund management ability. With offices in the major financial centres of Europe, the Far East, Japan and the United States, they are truly international and employ arguably the strongest group of independent investment management and analytical expertise to be found in any fund management group in the world. They now seek additional, truly talented individuals to join their research team as Analysts.

These premier roles are key to the company's research-driven approach to investment management, backed up by state-of-the art systems, which is the very foundation of the business. Based in the London research centre, you will perform original and perceptive analysis, including company visits and industry research, to identify fundamental value. Great emphasis is placed on the detailed analysis of individual companies; their assets, cash flow, business and trading environments. Our client builds its investment portfolio stock by stock, rather than by sector, and this concentration on the merits of individual stocks makes the research function pivotal to their success.

You will need to be a recent graduate from a major European Business School, with at least 5 years prior experience in an investment analysis environment. Fluency in English, and one other European language is essential. The prospects for successful candidates are exceptional. If you wish to excel in your career, this is the opportunity you have been waiting for.

To apply, please write with full CV to Anne Bracken, NBS Barkers Response & Assessment, 30 Farringdon Street, London EC4A 4EA, quoting ref F306401/4.

Your CV will be forwarded to this client only. Please indicate any company to which your details should not be sent.

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OFFICES IN: BRISTOL • BIRMINGHAM • NOTTINGHAM • MANCHESTER
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KANKAKU (EUROPE) LIMITED

Part of the international Japanese Kankaku Securities Group seek to add to their City based staff one

JAPANESE EQUITIES SALESPERSON

The ideal candidate, probably in their late 20's will have several years direct institutional Japanese Equities sales experience and a current active client base. Candidates should be good communicators, self-motivated and capable of operating in an international team environment.

Attractive remuneration, including a bonus incentive scheme will be offered to the successful candidate.

Interested applicants should apply in writing enclosing a current CV to the Personnel Manager, Kankaku (Europe) Limited, 5th Floor, Garden House, 18 Finsbury Circus, London EC2M 7AT.

THE METHODIST CHURCH
Central Finance Board
Assistant Fund Manager
U.K. Equities

Our City office, currently managing over £500m, seeks a graduate with two years analytical experience to assist in the management of UK equities. In addition to normal investment criteria, ethical considerations are an important part of decision making. The position will suit somebody with a strong church, not necessarily Methodist, connection. A competitive salary will be offered.

Apply with C.V. to the Investment Manager, 1st Floor, Epworth House, 25/35 City Road, London EC1Y 1PB.

c. £90,000 plus bonus & banking benefits — *Major UK Merchant Bank* — *City*

Director of Information Technology

Critical appointment for a senior IT professional with banking experience to effect change within the IT function of a blue chip merchant bank. A challenging role requiring a hands-on approach with real scope to impact bottom line performance. A key member of the senior management team.

- Responsible for initiating and driving through a programme of change, moving systems to a common hardware platform, creating a corporate database, and upgrading applications.
- Managing an ongoing programme of operational enhancements to application systems.
- Developing the IT department to create an effective organisation for the longer term. Leading, motivating and developing the department to achieve high standards of quality and service.
- Graduate IT specialist with at least 15 years experience as an IT line manager or consultant in a financial services environment. Knowledge of treasury products, including derivatives, highly desirable.
- Successful track record of managing a large IT department during a period of change. Hands-on management approach to ensure project delivery. Clear understanding of technical issues.
- Mature and presentable, able to win the confidence and respect of users. Strong action orientation, committed to achieving results.

London 071 973 8484
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F10221131, 16 Connaught Place, London W2 2ED

SENIOR ECONOMIST
Financial Markets

Goldman Sachs enjoys a global reputation as one of the world's leading investment banking and securities firms. This reputation is built upon the skills, creativity and dedication of its people and can only be maintained with a commitment to recruit the best person for every job.

Our Economics Department now seeks a senior level economist to join their established and successful financial markets group. The role is a demanding one requiring excellent communication skills and a capacity for pressure. Responsibilities will include contributing to the formulation of international bond market strategy and foreign exchange forecasting. The incumbent will be expected to liaise both internally with professionals on our trading desks and externally with institutional, corporate and private clients.

You will probably have at least five years' demonstrable experience in a similar role gained within the financial services sector. Proven ability to analyse trends in interest rates and foreign exchange combined with a thorough understanding of international government bond markets is essential.

An excellent compensation package is offered reflecting the calibre of individual we wish to attract.

Please apply in writing, enclosing a full curriculum vitae to:

Steven G Ward
Goldman Sachs
International Limited
Peterborough Court
133 Fleet Street
London EC4A 2BB

Goldman Sachs

CJA
RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Opportunity for a risk taker to make an immediate contribution and to trade their own book at an early stage.

CJRA

EQUITY DERIVATIVES TRADER

CITY

£35,000-£50,000 base salary + substantial bonus and benefits

SMALL AND EXPANDING EQUITY DERIVATIVES DESK - BACKED BY MAJOR EUROPEAN BANK

We invite applications from numerate (maths/engineering/sciences) graduates with a minimum of 1-2 years trading experience in derivatives (preferably from an interest rate background, e.g. Swaps interest rate options etc). PC literacy and a quantative bias are essential. French language skills will be an advantage although not essential. Reporting to the Head of the European Derivatives desk you will be expected to take positions for the bank and have experience of working in volatile markets. Further training will be given. Essential qualities are to be self motivated, a good team player and to have a strong desire to further develop your career in Equity Derivatives.

TRAINEE TRADER £20,000-£25,000 + BONUS. For this appointment you are likely to have the same academic background as above with a minimum of 1 years work experience in a related field and be seeking an opportunity to move into and learn about equity derivatives trading.

PROGRAMME GENERALIST £20,000-£40,000. *If you have extensive UNIX, C, Clipper experience our client needs you to support this team, building tools and systems.*

All these positions salaries are negotiable and benefits include : non-contributory pension, private medical and 25 days holiday. **For these assignments applications in strict confidence under reference EDT25111/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager : CJRA**

Private Client Stockbroker

Excellent Salary Package — City

Excellent opportunity for an accomplished, young stockbroker to join an established city company at an exciting stage in its development.

THE COMPANY
- Long established prestigious City stockbroker.
- Part of a strong, secure and profitable international banking group.
- Group activities for both individual and corporate clients include trust, investment, banking, capital markets, global custody and corporate services.

THE POSITION
- Service existing clients. Not a prerequisite to bring own clients.
- Develop new private client business from intermediaries and via own contacts.
- Work as part of a team developing long term client relationships and optimising investment performance of portfolios.

QUALIFICATIONS
- Well presented, organised individual of graduate calibre, probably late twenties to early thirties.
- Registered Representative and MSI qualified with at least five years experience of private client fund management.
- Must be a team player and good communicator ideally with developed presentation skills.

Please send full cv, stating salary, Ref M4669
NBS, 54 Jermyn Street, London SW1Y 6LX

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NORTH YORKSHIRE — HIGHLY ATTRACTIVE PACKAGE

Corporate Finance

This is an exceptional opportunity to play a key role in the further development of this highly successful private investment business. With responsibility for a substantial and growing fund, the company is poised to enter an exciting new phase in its development.

Reporting to the Managing Director, you will be a proactive member of a small team providing advice on acquiring, monitoring and disposing of a variety of investments including properties held as trading stock and investments in unlisted companies. Of key importance will be the area of business development including identification, investigation and appraisal, and subsequent acquisition of investments to enhance the existing portfolio.

Probably in your thirties, of graduate intellect and ideally professionally qualified/MBA, you must be able to demonstrate sound skills in financial analysis and appraisal and be able to communicate effectively. A self starter and highly innovative individual, you will need to possess a resourceful and adaptable style in order to thrive in this hands on and team orientated culture. Remuneration will not be a limiting factor for the right individual.

Please send full personal and career details, stating companies to which details should not be forwarded, in confidence to Angela McDermottroe, Coopers & Lybrand Executive Resourcing Ltd, Albion Court, 5 Albion Place, Leeds LS1 6JP, quoting reference 280 AM.

Coopers & Lybrand — Executive Resourcing

TRAINEE PARTNERS

Limited positions for ambitious individuals to work within specialist team of an Associate to a major world-wide organisation.

Full training with potential for partnership and profit-share within 12-18 months.

Suitable for experienced Graduates and Professionals.

For further details, please call:
John Kilburn-Toppin
071-240 4942

COMPLIANCE OFFICER

City — c £30,000 + benefits

Our client is the investment management arm of a prestigious and long-established international trading concern. Since the company's inception in 1986, it has grown significantly – both organically and by acquisition. It specialises in providing discretionary fund management to both private clients and institutions.

In view of the company's growth and plans for expansion, it is seeking to recruit an experienced compliance officer to take responsibility for all regulatory matters, including the provision of staff training and support for fund managers and administration staff. The compliance officer will be the key point of contact with IMRO on all regulatory matters.

Reporting directly to the Finance Director, the compliance officer will maintain close contact with administration, IMRO and fund managers.

Ideally aged 28-40, candidates will be graduates with an accountancy, legal or regulatory background. They must have at least three years' experience of working in an investment management environment. An eye for detail and the ability to develop with the company are essential requisites for this new and challenging role.

Interested candidates with the relevant experience should send a curriculum vitae, in strictest confidence, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference WS/112/1.

THE WHITNEY GROUP

WHITNEY
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FUND MANAGEMENT

We are continuing to see excellent opportunities for high calibre institutional Fund Managers. Our clients are seeking those with expertise in the following markets:

UK EQUITIES — EUROPEAN EQUITIES
SE ASIA EQUITIES — EMERGING MARKETS
MULTI-CURRENCY FIXED INCOME

Depending on experience, likely to be a minimum of 3 years, salaries will range from £30,000 to some £60,000 depending on the particular position.

If you are looking to make a career move and would like to discuss these or other opportunities...

...please contact Martin Symon, in strict confidence, at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

CAZENOVE &CO

Investment Research

Age 24–30

Cazenove & Co. is the only major UK stockbroker to have remained an independent partnership. The firm plays a leading role in raising equity and long-term debt finance for British industry. It also has a significant overseas business and, following an extensive participation in the UK's privatisation programme, is increasingly involved in overseas privatisations.

The firm has a substantial commitment to investment research with the UK team providing sector expertise as part of the UK broking business as well as in support of the overseas departments. Members of the team keep in close contact with a wide range of companies and offer investment advice to fund managers in the UK and around the world.

The continuing development of the firm's business has created a small number of vacancies in the UK research department. Applicants, who must possess communication and analytical skills and who may be in City-related occupations, industry, commerce or the professions, should contact:

Jock Coutts at Career Plan Ltd., 33 John's Mews, London, WC1N 2NS. Tel: 071-242 5775.
Fax: 071-831 7623.

Career plan Limited
Personnel Consultants

ASSISTANT FAR EAST FUND MANAGER

Develop a career in Far Eastern Fund Management with a major international house.

John Govett & Co. an innovative City of London and international investment house is searching for a new fund manager to assist its market-leading Far Eastern investment team.

Prior Far Eastern equity fund management experience is not essential although we do require one or more years investment experience, a personable nature, and a determination to succeed. Candidates are likely to be in their mid twenties.

Managing around £1 billion, our Far East Desk has an enviable investment performance record. If you have the experience and expertise necessary to join this winning team please write to me at the address given.

JOHN GOVETT

[illegible]
Chief Investment Officer
John Govett & Co. Limited
[illegible] House
4 Battle Bridge Lane
LONDON SE1 2HR

TREASURY RISK MANAGER

Leek, Staffs — c £40,000 + Car + Benefits

A high profile opportunity has arisen at Britannia, one of the UK's top ten building societies with assets of £10.5 billion, for a highly professional Risk Manager to join the Treasury department.

Reporting to the Deputy Treasurer, you will be responsible for the effective management of all interest rate, basis and currency risk both for treasury operations and for the Society's balance sheet. This will require an in-depth knowledge of a range of risk management instruments, including swaps, forward rate agreements, options and futures, together with the ability to utilise innovative techniques and applications *to minimise risk and maximise profitability.*

With at least three years senior treasury experience you will be expected to make a valuable contribution to the Society's Asset and Liability Committee, which formulates key decisions regarding the balance sheet. Professional credibility and high level communication skills will therefore be essential. Highly numerate and well versed in relevant computer systems, applicants should be graduate calibre and professionally qualified, with the ambition and drive to realise the potential of this opportunity.

If you feel you have the skills and experience we are seeking, we are offering you the chance to be a key player within a small, high profile team whose contribution will impact directly on the future of the Society. A highly competitive salary, full financial sector benefits package and generous relocation assistance will be offered to the right individual.

The first stage will be to apply with full CV to: Philippa Harrison, Personnel Controller, Britannia Building Society, Head Office, PO Box 20, Britannia House, Leek, Staffs. ST13 5RG.

Closing date: 8th December 1993.

Britannia Building Society
Working Towards Equal Opportunity

CHEMICAL

Member of The Securities and Futures Authority

FINANCIAL INSTITUTIONS GROUP
INSURANCE SPECIALIST

An unusual opportunity to join an innovative market leader
Salary commensurate with experience

Chemical Bank is a broad based Global Bank with first class trading skills and investment banking flair, enjoying a commercial banking reputation.

With net income for 1992 in excess of $1 billion, a strong capital base and a rising credit rating, the bank is a major force in international banking. Chemical is a leading provider of corporate finance services to the UK/European insurance sector, ranging from completed cross-border M&A transactions to identifying and implementing bespoke solutions to meet client needs.

The position reports to the Head of the Group and will be responsible for marketing the full range of corporate finance products to clients in a highly competitive environment. Transactions are complex, requiring considerable development time and close management of pricing and credit approvals. In addition, the position demands the development of relationships to enhance product trading capabilities and the use of value added products.

Candidates must have extensive experience in the insurance market, with particular knowledge of credit issues relating to the provision of products and services to this sector. Also required is the ability to analyse and value insurance related organisations, as well as identifying and structuring solutions, primarily for our broad client base. A good understanding of the corporate finance market is essential, together with the ability to work creatively, both independently and as part of a team. A foreign language is desirable.

Applicants should apply in writing, including a full curriculum vitae to Mel Northfield, Human Resources Manager, Chemical Bank, 125 London Wall, London EC2Y 5AJ.

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones on 071 873 3199

Andrew Skarzinsky on 071 873 3607

Director of Operations & Finance

Private Banking & Stockbroking

City

To £80,000 + Bonus/Benefits

A challenging position responsible for supporting a combined private banking and securities broking business in a leading international banking group.

THE BANK
- Very well resourced bank with major offshore operations. Strong balance sheet and excellent reputation.
- Full London service branch incorporating growing private banking stockbroking/fund management activities. Sound structure and systems in place.
- Committed to upgrading operating, financial and back office performance.

THE POSITION
- Merge and manage back office/operations areas of bank and broker. Responsible for IT and personnel.
- Lead financial planning, monitoring and reporting. Contribute to formulation of business plan. Review settlement systems.
- Maintain quality of middle office services. Control costs.

QUALIFICATIONS
- Experienced operations and finance manager from top quality City institution. Probably qualified accountant.
- Systems, settlements and IT knowledge. Cost control, O & M and personnel experience ideal.
- Leader with presence and flair to drive change to enhance service/efficiency. Tenacious and hands-on.

Please send full cv, stating salary, Ref BM4670
NBS, 54 Jermyn Street, London SW1Y 6LX

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Top Opportunities Section appears every Wednesday contact Clare Peasnell on 071 873 4027 for advertising details.

Senior Investment Manager

UK Equities

Our client, a major City-based asset management firm, offers a unique opportunity for a talented and experienced UK equities professional. This exceptional individual will have responsibility for leading the UK stock selection process for funds in excess of £4 billion held across a range of product portfolios. It will involve the direct management of funds with an emphasis on the 200 largest market capitalisation stocks, as well as the supervision of a number of specialist fund managers.

Candidates are likely to be in their mid-thirties and should possess the combination of flair and professionalism required to produce consistently superior performance in varying market conditions. They will have gained at least seven years' experience in the successful management of UK equities and be looking for the opportunity to join an ambitious company at a senior level. The compensation package will be competitive and includes a substantial performance-based element.

If you would like to be considered for this appointment, please write in complete confidence to:

IMR Recruitment Consultants, No. 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (tel: 071-872 5447).

I
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R

INVESTMENT MANAGEMENT RESOURCES

We're looking for

Private Client Fund Managers.

To work in the Taunton & London offices of NatWest Stockbrokers.

We're looking for individuals with the personality and integrity to help make life easier for our high net worth clients on both an advisory and discretionary basis.

Candidates should have at least two years' experience of investment management as a Private Client Fund Manager, have qualified as an SFA Registered Representative and hold a UK driving licence. We offer pleasant working conditions, a competitive salary, mortgage facilities and good fringe benefits. We would help and encourage the successful candidates to become Members of the Securities Institute.

If this position of trust is of interest to you, please send your C.V. to:

Mr Glynn Lowe
Human Resources Manager
NatWest Stockbrokers Ltd.
55 Mansell Street
London E1 8AN

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Fund Managers/ Investment Analysts

- **UK Equities**
- **Japanese Equities**
- **Far East Equities**
- **UK Corporate Bonds**

Glasgow Based

Britannia Life has grown rapidly over the last few years both by increased sales and acquisition such that funds under management within its investment subsidiary are now approaching £2.5 bn.

The outstanding performance of Britannia Life's investment team, recognised by a number of awards including the top performing corporate pension fund and top placings over the short and long term in the various UK league tables, has been a major factor in the company's growth.

As a result of this growth several career opportunities have arisen for professionals of the very highest calibre.

Japanese and Far Eastern equity investment previously managed externally, is to be brought in house with the establishment of a Japanese/Far East Equity Team. We are also seeking to expand the UK Equity and Fixed Interest Teams.

To be a candidate, you will have around 2-5 years relevant experience and professional training in investment analysis combined with the ability to work in a team environment.

In return, you can expect an attractive salary and generous benefits package.

Please write enclosing a comprehensive C.V. to Catherine Kilpatrick, Personnel Officer, Britannia Life Limited, Britannia Court, 50 Bothwell Street, Glasgow G2 6HR.

CHANGE
FOR THE BETTER

Britannia Life

OPERATIONS MANAGER
c£55,000 + Banking Benefits

Our client is a well established international bank. They are experiencing a record year and in order to effectively manage expansion plans, an experienced operations manager is sought. The role will be a varied one, with overall responsibility for cash control, all back office areas, systems development and implementation. The ideal candidate must be a proactive manager with a proven track record in banking operations. Previous experience of change management would be of interest. Candidates must be self-starters with excellent communication skills.

Interested applications should send their CVs to Helen Highet. Covering letters should detail current salary and a day time telephone number.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

International and Domestic Corporate Finance Executive

Prestigious international bank, based overseas and primarily focused on offshore financial services. UK activities comprise retail and corporate banking, investment management, domestic and international corporate finance. UK office is senior provider of corporate advice across entire group.

THE POSITION
- Generate, analyse and transact UK and international corporate finance.
- Maintain relationships with clients and, on their behalf, with investors, relevant Stock Exchanges and other regulators.
- Contribute to development of overseas Stock Exchanges.
- Assist international offices with corporate finance transactions.

QUALIFICATIONS
- Qualified accountant. Experience with major firm, plus secondment to London Stock Exchange or similar preferred.
- Age c.30. Experience of work overseas.
- Experience of marketing, structuring and leading transactions and dealing with Regulatory Authorities.

Please send full cv, stating salary, Ref M4773, NBS, 54 Jermyn Street, London SW1Y 6LX

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DERIVATIVE PRODUCTS
c.£50-500,000
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Our client is a leading UK bank and in response to increasing client demand to lower the cost of raising capital, manage risks, and enhance asset returns, has authorised a major capital commitment to increase its capabilities in the global derivative products market.

We are seeking to contact experienced individuals for the following positions:-

1. Senior Risk Managers
2. OTC Options Traders
3. Currency Swaps & Options
4. Interest Rate Swaps & Options
5. Sales and Distribution
6. Financial Engineering

Interested applicants should contact either Tony Justin or Ann Williams on 071-638 9205. Confidential fax: 071-588 2942 or write to them at :- 6 Broad Street Place, London, EC2M 7JH.

THE ZARAK HAY PARTNERSHIP

CAL FUTURES LIMITED

MEMBER SFA

Are you restricted by large company mentality? If you are looking for a challenging and rewarding career in financial futures, foreign exchange or fund management and have a minimum of two years experience, call Mr. Baber on 071-329 3333 or send your curriculum vitae to:

CAL Futures Limited, 162 Queen Victoria Street, London EC4V 4BS.

CARL BRO GROUP

In connection with the further expansion of the Carl Bro Group's activities in Central and Eastern Europe and the CIS, we seek consultants for long term assignments for present and up-coming projects.

REQUIREMENTS:
- Master's Degree or equivalent in economics.
- Minimum 10 years of postgraduate experience, including international development projects.
- Knowledge of EEC procedures.
- Experience in aid programming and evaluation, sector studies and project monitoring, aid coordination and management, training.
- Experience in financial services, privatisation, restructuring.
- Specific experience in regional planning would be an advantage.
- Fluency in English - plus working knowledge of one other major language, preferably Russian.
- European nationality.

Interested candidates are invited to submit their applications, including detailed curriculum vitae, preferably by fax

Carl Bro International a/s
Consulting Engineers and Planners
Att.: Fredrik Pitzner-Jørgensen
Granskoven 8
DK-2600 Glostrup
Denmark

Telephone: +45 43 96 80 11 Fax: +45 96 85 80

Carl Bro Group

The Carl Bro Group is a large international consulting engineering and planning company (staff 2,100) based in Denmark. The company is a multidisciplinary group of companies undertaking a broad spectrum of assignments. The company's approach is international and it normally integrates technical, social and economic aspects.

NB POWER

to proceed.
in the Ukraine, unable and Electricité de France, told the

Japan/Pacific Basin Fund Manager

An attractive opportunity to manage a diverse portfolio

Our client is one of the world's largest and most successful insurance companies. An opportunity has now arisen in London for an experienced Fund Manager with a knowledge of the Far Eastern equities market to play a key role in developing our client's investment approach.

Reporting to the Investment Manager, the Far Eastern Equities Fund Manager will be responsible for the management of funds invested in a range of Far Eastern equities. The individual will be responsible for all Far Eastern markets, including Japan, Pacific Basin and Australia.

The successful candidate, probably a graduate, must have at least five years fund management experience. Individuals must have a constructive approach and be team players. Additionally, they must be self motivated and have the presence to represent our client in a professional manner. Ideally, candidates will have an in-depth knowledge of both the Japanese and Pacific Basin markets, including the newer emerging markets.

For an initial confidential discussion, please call Elizabeth Bancroft or Paul Wilson at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone: 071 831 2000. Fax: 071 405 9649.

MP

Michael Page City

International Recruitment Consultants

London Paris Amsterdam Dusseldorf Sydney

SIB

Supervision of Retail SROs

A new department is being set up within the Securities and Investments Board (SIB) to supervise retail SROs, initially FIMBRA and LAUTRO and later, if recognised, the planned new Personal Investment Authority. Supervision has the purpose of ensuring that an SRO is providing adequate investor protection and that it is meeting its statutory obligations and the operational standards set and agreed with SIB.

This is an important appointment in the governance and regulation unit of the department. The successful candidate will liaise closely with the head of the unit in understanding and evaluating the SRO's performance against its objectives and standards and the aptness and adequacy of its policies for regulation of its members.

The role will entail: developing a thorough knowledge of the SRO; contributing to the design and evaluation of information flows between the SRO and SIB; reviewing regulatory performance against standards; identifying areas of weakness or shortfall and initiating enquiry and/or remedy; developing and maintaining working relationships with the SRO and contributing to the work of other SIB departments in the setting and monitoring of regulatory standards for investor protection.

Applicants should be of graduate calibre possibly with a professional qualification and preferably experience gained in a regulatory environment. Personal attributes include the aptitude for critical analysis, good oral and written communication skills and the ability to provide concise, focused reports. Team play is essential as are the personality and skills to promote good working relationships with other regulators.

Interested applicants should in the first instance contact Anna Williams to request an information pack at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH or call her on 071 831 2000.

Closing date for applications: 10 December 1993.

MP

Michael Page City

International Recruitment Consultants

London Paris Amsterdam Dusseldorf Sydney

Research and Sales

South African Markets

Our client, a leading London securities house with a long standing involvement in the South African market, is looking for an experienced Analyst to join the department which is developing this rapidly changing investment business.

You will be responsible for encouraging new and existing clients to consider investment in South African securities – a task that calls for a detailed knowledge of the South African economy, its stock market, and the variety of companies operating in the country. You will also need a keen insight into South African political developments and their likely impact on investor attitudes to the stock market.

Along with this specialist knowledge, you must be familiar with a broad range of industries and work well as part of a small investment team.

To apply, please send a copy of your C.V. to Katrina Sevenoaks, Consultant, Austin Knight Recruitment, 20 Soho Square, London W1A 1DS quoting reference A376.

Austin Knight supports equality of opportunity in employment.

Austin Knight ADVERTISING • RECRUITMENT • COMMUNICATIONS

R

Derivative Products

Client Services

A unique opportunity to gain a wide variety of direct experience with many of the world's leading investment banks.

Our client is one of the fastest growing US providers of derivative software systems to the international financial community, particularly investment banks, covering swaps and associated derivatives.

It seeks two young professionals for its London office to provide pre and post sales support to traders and systems managers in conjunction with the company's sales and technical development teams within Europe.

Successful applicants will be able to demonstrate:

* practical experience of derivative markets and the applications of these products, good system knowledge and possibly programming experience.
* good marketing and presentation skills, mathematical/analytical ability and a good degree.

This experience is most likely to have been gained from one to three years in the front or middle office of a major swaps/options house or other relevant financial services background. European languages would be an advantage.

A competitive remuneration package is offered with these positions.

Please send a detailed curriculum vitae, quoting reference MH9580, to: Rochester Partnership Limited, Executive Selection Consultants.

Rochester Partnership Ltd
Garrard House
31-45 Gresham Street
LONDON
EC2V 7DN

Telephone: 071 600 0101
Facsimile: 071 796 4255

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ACCOUNTANCY COLUMN

Standards setters try to hammer out differences

Kate Atchley reports on encouraging signs of a move towards harmonisation of financial reporting

The third annual meeting earlier this month of standards setters from around the world highlighted some important lessons in the changing attitudes of international accounting across borders.

Representatives from 16 developed countries as well as the International Accounting Standards Committee (IASC), the EU and the European Accounting Federation (FEE) gathered in London following previous meetings in Brussels and New Jersey.

Harmonisation of standards was not formally on the agenda, but one underlying purpose was to curb further diversity in financial reporting. David Tweedie, chairman of the UK's Accounting Standards Board (ASB) and the conference host, suggested that the IASC conceptual framework would provide a useful basis for analysing accounting issues.

However, he implied that some countries were seeking "ideal standards" and greater convergence in reporting might emerge by these countries taking the lead and influencing others.

This reflects Tweedie's belief that good accounting will be achieved by clear-thinking pioneers of new practices. It represents a challenge to the IASC, which has traditionally been represented by senior members in professional bodies and has been tied by the need for consensus.

The discussion and presentations, which took place over two days in London, displayed just how wide are the differences in the objectives of financial reporting around the world. While the function of accounting is perceived as serving different needs in different social and economic environments, agreement on individual issues is hard to secure and harmonisation remains an uncertain goal.

Nevertheless, the atmosphere is changing. Compared even with last year's gathering, sponsored by the US Financial Accounting Standards Board (FASB), the mood was subtly different. Only the delegates from FASB itself seemed entirely at ease with the debate format, but most participants were more relaxed and showed a surprising willingness to drop their defences and discuss issues on a conceptual basis, sometimes in sharp contrast to the principles adopted in their own jurisdictions.

The agenda contributed to the emphasis on concepts. Most of the first day was taken up considering a number of simple case studies appended to a substantial paper on Accounting for Future Events. Introducing the paper, Jim Leisenring, FASB deputy chairman, said that his organisation, and the standards setters in Australia, Canada, Britain and the IASC all shared very similar conceptual frameworks but none the less entered into "some heated debates" over the issues involved.

One case study was of a retail store which paid out $30,000 on a single injury claim from a customer in three years and had decided, on the basis of past experience, to charge $10,000 each year as a "self-insurance" expense, recognising that a corresponding liability would grow while no claims arose.

Participants were asked to consider whether this store should recognise this "self-insurance" liability in its accounts. Seven argued that it was a general business risk and should be accounted for only as and when the expense arose. Five were adamant that there was a liability and it should be recognised.

Geoffrey Whittington, academic adviser to the ASB, said accounts were supposed to state the position at a point in time and the liability should be recognised only when a risk had occurred. Herman Marseille from the Netherlands, and Karel van Hulle, head of accounting at the European Commission, agreed, adding that there would be a liability only if there were a legal duty to insure.

Atle Johnsen from Norway and Heinz Kleempker from Germany argued that the risk could be assessed and quantified by insurers, whether or not the store paid for insurance – so it was a liability and should be recognised. Interestingly, Dietz Mertin from the German Institute of Accountants disagreed with his countryman and argued that the compensation payments were a general business risk for which there should therefore be no recognition.

Such disagreements are more common in the US. On the second day, Jim Leisenring told delegates that FASB wants to revise the rules for consolidated accounts, but cannot get agreement on a new definition of a subsidiary. Its board cannot reach the necessary 5-2 majority on any definition that goes beyond the traditional ownership of 50 per cent plus one of the voting shares.

A session on accounting for goodwill on acquisitions proved contentious: international practice varies widely and, as Leisenring said at the end of the debate: "I don't think it fits in with any of our conceptual thinking. We ought to work harder at it than we already have."

A position paper was presented by Dominique Ledouble of the Conseil National de la Comptabilité who said there was pressure in France for flexible rules on intangibles, to match those of the UK. Three years ago France had moved to allow goodwill to be carried, but amortised. However, "numerous kinds of new intangibles" – such as brands, patents, lists etc – were emerging and these were more and more difficult to measure and, in most cases, were not depreciated materially.

Allan Cook, ASB technical director, emphasised the importance of the issue in the UK. In the early 1980s the proportion of goodwill in the accounts of acquiring companies amounted to 6-7 per cent. By mid-1987 this had risen to 44 per cent. Cook called for all intangibles to be treated in the same way.

Tweedie ended this debate on goodwill with a plea that the standards setters should listen to what industry was saying. The problem in the UK was with service companies, he said. They argued that the value of goodwill was rising, so why should they amortise? "A lot of industrialists simply don't understand what we are trying to do with goodwill – 93 per cent of industry respondees said 'rubbish' to a 20-year write-off," said Tweedie.

Meanwhile, internally generated intangibles tended not to get on to the balance sheet because such assets frequently fail reliability/recognition tests. "So we must look at it again, from scratch," said Tweedie.

Warren McGregor, executive director of the Australian standards setting body, gave a presentation on accounting for leases. He argued that the leasing standards that involved capitalisation of finance leases were fundamentally flawed. The correct approach was to capitalise all leases, subject only to a materiality threshold.

Van Hulle said that some European countries had difficulty in accepting that the same asset might appear in several balance sheets at the same time. There were different legal frameworks in different countries and reporting rules for financial institutions in particular made lease accounting a highly problematic issue. He added that to put economic benefits on the balance sheet as an asset was to open up a "Pandora's box".

Tweedie emphasised the inadequacy of the present arrangements, saying there were airlines flying round the world with no aircraft on their balance sheets. Leisenring argued that the key question for the standard setter was whether the accounting captured the economic reality.

The conference showed, beyond doubt, that what constitutes economic reality depends upon where you live: is it the tax collector's reality, the stock market's reality or that of the creditors?

The author is editor of World Accounting Report, published by the Financial Times.

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Reporting to the Regional Chief Executive, with dotted line to the US based Vice President Corporate Controller, your remit would cover both the UK subsidiary and the regional operations. In addition to developing and maintaining effective planning, control and reporting systems, you would be responsible for receivables management, financing arrangements and information technology. Your broader commercial input will include supporting subsidiary and distributor management, pricing analysis, margin improvement and analysing business proposals (including joint ventures and operational facilities).

A graduate qualified accountant, ideally with European language skills, you will have:

- worked in a packaged consumer goods or similar industry in a fast growing and changing company
- experience of planning, forecasting, control and reporting under US GAAP
- knowledge of credit and receivables issues, ideally in a multinational distribution oriented environment
- familiarity with corporate financing options including joint ventures
- a record of responsibility for mainframe host, PC LAN and wide area network systems development.

Your personal style should be proactive, participative and adaptable to rapid change. Comfortable with dual reporting, you will also be able to manage multi-site based staff.

Interested applicants should write, quoting reference D/0041 and enclosing full CV and salary details and explaining why you are right for the job to:
Mark Hartshorne, Executive Search & Selection,
Price Waterhouse, 19 Cornwall Street, Birmingham B3 2DT.

Finance Director

c£55,000

For a division of a major UK plc which is highly profitable and rapidly expanding. It is deployed internationally in the supply of building and security products.

Responsibility is to the Divisional Chairman for the provision of timely financial management information and strategy planning input for a diverse and multi-site manufacturer. This is a strongly operational role.

The requirement is for a qualified accountant, aged 35-45, preferably experienced in the manufacturing and distribution of building products. The location is Leeds.

Please write in confidence, enclosing a Curriculum Vitae quoting ref T7686 to

TK
SELECTION
13-14 South Parade, Leeds LS1 5QS. Tel: 0532 426767; Fax: 0532 426888
A DIVISION OF TYZACK & PARTNERS

Financial Adviser

HER MAJESTY'S INSPECTORATE OF CONSTABULARY

London — to £37,795

Her Majesty's Inspectorate of Constabulary (HMIC) is responsible for examining the efficiency and performance of the police service in England and Wales. A team of regionally-based inspectors, drawn from chief police officers and persons with senior level experience in the private sector, report annually on force efficiency to the Secretary of State. HMIC also provides advice on policing matters to the Secretary of State and to the Home Office.

A qualified accountant with a sound appreciation of the need for effective financial management in the public sector and an understanding of the issues currently facing the police service, you will act as a primary source of professional expertise. Working largely on your own initiative you will visit forces to advise on the collation and interpretation of financial and other data. You will provide input to value for money and other studies and assist in the identification of financial training requirements of HMIC and of forces.

Flexible, adaptable and able to interact effectively at senior level, you will contribute to the development of the Inspectorate's role during a period of considerable change in the police service, which will place increasing emphasis on improved financial and resource management.

You must already have, or be about to obtain, membership of a professional accountancy body and have broad up to date accounting knowledge and experience. Knowledge of local government finance would be an advantage.

This is a permanent appointment with a salary in the range £28,841 to £37,795 inclusive of inner London weighting. Relocation expenses of up to £5,000 may be available.

For further details and an application form (to be returned by 17th December 1993), write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0256) 468551 or fax (0256) 846374/846565. Please quote ref: B/2034.

We welcome applications from candidates regardless of ethnic origin, religious belief, sex, sexual orientation, disability or any other irrelevant factor. People with disabilities and those from ethnic minorities are currently under-represented and their applications are particularly welcome.

RAS

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Clare Peasnell
071 873 4027

BBC BBC BBC

Finance Managers

Services Division

The role of Services Division is to support BBC programme-making, production resources, engineering and the corporate centre and to help each do its job efficiently. The services provided cover a wide range of activities – many of these services are provided by contractors and, in principle, all of them are subject to market testing or face external competition on a trading basis.

The Division now requires two Finance Managers to work within areas of its operations: one to cover its Capital Projects department – which is responsible for a range of project management activities; the other for its Building Design Services department – which provides design and contract management services.

Reporting to the respective General Managers of these two departments, you will be professionally accountable to the Divisional Accountant, providing a comprehensive management accounting service and working as members of the relevant senior management teams. Your main duties will also include preparing business plans and budgets, in close collaboration with the management teams, and evaluating feasibility in terms of resource availability, costs, savings and efficiencies; providing analytical/interpretative advice on financial performance and monitoring the effectiveness of finance reporting procedures.

You must be a qualified accountant with relevant post qualification experience plus practical knowledge and awareness of computer based control and information systems. Ideally you will have knowledge of business planning, budgeting, accounting and financial control systems, plus the ability and confidence to apply this in a practical way to meet local business needs. You must be qualified ACA, ACCA or CIMA.

Salary indicator c.£33K. Based West London.

For an application form and further details please send a postcard (quote ref. 13880/F) by December 6th to BBC Corporate Recruitment Services, PO Box 7000, London W12 7ZY. Tel: 081-749 7000 Minicom 081-752 5151.

Application forms to be returned by December 9th.

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Clare Peasnell on 071 873 4027

Group Financial Controller

C£50,000 pa + car

This client is an international marketing services group, which in two years has established itself organically in 15 countries in Europe and the Far East and has achieved a turnover of £50 million. The Group is strongly capitalised, profitable and cash positive.

The Group Financial Controllership is a new role created to provide the Group Finance Director with a No.2 who will be responsible for ensuring that the *accounting and financial controls function* develops in line with the growth of the business. Credibility at the topmost level in the business and around the world with local management and the international blue chip client base will be important.

Applicants must be qualified accountants who combine flexibility and adaptability with high standards of professionalism. Diplomacy and persuasiveness is needed in addition to the dynamism to get things done. Experience of how large corporations work and the standards they try to achieve must be balanced with the ability to work in a small dynamic organisation with a very open, sales dominated culture. International experience would be an advantage.

Location: West London. Age guideline: mid 30's.

Please reply in confidence to Brian H Mason, quoting Ref L541 at:

Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 071-240 7805.

Mason & Nurse
Selection & Search

Our client is a major French Pharmaceutical Group that has recently acquired a UK based manufacturing company within the same business sector. This acquisition has created the need to recruit two high calibre accountants within the Finance function.

Finance Director

Essex **c £45,000 + Car**

This is a key role within the company as the individual will be expected to provide significant commercial input to the management and continued profitable growth of the business. Specific responsibilities include:

- design of the finance and administration organisation
- recruitment and development of accounting staff
- implementation of management information systems
- financial reporting to Head Office
- supervision of the tax, legal and personnel functions
- the planning and pricing aspects specific to the industry

Candidates (probably aged 35-45) should be graduate qualified accountants who can demonstrate a strong track record to date and currently hold a senior line management position. Previous experience in the pharmaceutical industry is an essential pre-requisite, knowledge of French a plus. (Reference 9652).

Management Accountant

Essex **£25-30,000**

The Management Accountant will have specific responsibility for the following:

- budgeting, forecasting and planning
- reporting to Head Office in France
- costing within a manufacturing/production environment

Candidates (probably aged up to 30) should be part qualified or qualified accountants with a minimum of two years management accounting experience gained within a manufacturing company. Fluency in French would be useful but is not essential. (Reference 9653).

Interested applicants should forward a comprehensive curriculum vitae quoting the appropriate reference number to Frédérique Bouvier at Michael Page Finance, 3 boulevard Bineau 92300 Levallois-Perret, Paris, France. Tel 010 331 47 57 24 24 or Fax 010 331 47 57 39 18.

Michael Page Finance
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FINANCIAL CONTROLLER Cologne, Germany. For U.S. parent, $15mm in sales, 2 or 3 yrs. acctg. in mfg. industry. Fluent German & know U.S. GAAP. Write Recruiter, 15840 Ventura Blvd., #838, Encino, CA 91436, USA or FAX (818) 981-6505

Financial Controller

City **Package £50-60,000**

Our client is a newly formed public listed investment company with the backing of a long established and highly regarded UK merchant bank.

As trading has just commenced, the General Manager is now looking to recruit a Financial Controller to establish and run the finance function. Although the role will develop as the company expands, initial responsibilities will include:

- Providing advice and information to Directors of the company with regard to the feasibility of investment plans.
- Contributing towards the company's strategic plans.
- Day to day financial and treasury management.
- *Recruiting and supervising an assistant accountant.*
- Company secretariat duties, including liaison with the relevant regulatory bodies and the Stock Exchange.

Aged between 35-45, you will be a graduate who is a professionally qualified accountant and preferably a qualified company secretary with a proven track record of success within the investment management or insurance industry. Due to the level of seniority and the potential for the individual to develop the role encompassing a wider variety of general management responsibilities, the successful candidate will be confident and assertive with the flexibility and competence to work within an ever expanding environment. It is also essential to have excellent interpersonal skills and a well developed written style for internal and external presentations.

This is an unrivalled opportunity for an ambitious individual who is ready to take on the challenge of a new and dynamic organisation. The remuneration package will reflect the importance of this position and is subject to negotiation. Interested applicants please write with a detailed curriculum vitae, including current salary, to **Stephanie Warren** at **Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Finance Director

SW London **£32-35,000 + Bens**

AZTEC

AZTEC is an independent company providing training and educational services to facilitate development of businesses in South West London. Current revenues are in the region of £13 million.

An opportunity has arisen for a Finance Director reporting directly to the Chief Executive to take control of strategic development, financial support and administration services.

Responsibilities will include:

- Development of a commercial financial strategy and new business appraisal.
- Systems development and management of general support systems, including installation of a new computer system.
- Management of finance, audit and support teams, with responsibility for a team of 10 staff.

This is a key senior management post which requires proven leadership and development skills and will involve significant contact with other senior members of the management team and external business contacts.

Candidates for this position will be qualified accountants with a minimum of 5 years post qualified financial and management experience.

The successful candidate will be able to demonstrate:

- An enthusiastic and outgoing personality coupled with maturity and excellent interpersonal skills.
- A commercial approach and the ability to maximise opportunities in a changing environment.
- Proven management experience and a knowledge of systems development/installation.

Interested candidates should send their CV to Malcolm Kelly at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Quoting ref: *171608.*

AZTEC and Michael Page Finance are committed to equal opportunities.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

City **c £70,000 + Car + Bonus + Bank Bens**

Our client is a leading force in international banking and derivative products. Their success is based on responsiveness to client needs and changing market conditions, combined with a commitment to excellence, innovation and flexibility of approach.

Continued expansion in all business areas has led to the creation of this new role, which focuses on future development as much as day-to-day control issues.

This is an outstanding opportunity, with the scope to demonstrate tangible added value to the business. The Financial Controller will have a wide ranging role, encompassing responsibility for management and financial reporting and the provision of commercial analysis and support to senior management.

The individual we seek will be a qualified accountant with experience of the financial services sector gained either from the profession, consultancy or senior line positions within the industry.

Candidates are unlikely to be aged under 35 due to the depth of expertise required in this role. Previous exposure to complex group structures, profitability measurement and systems development are highly desirable. Self motivation, leadership, ambition and excellent interpersonal skills are prerequisite to the appointment.

Interested applicants should send a full curriculum vitae quoting **reference 170398**, to: **Diane Forrester ACA, Executive Selection Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

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London Bristol Windsor St Albans Leatherhead Birmingham
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Chartered Trust plc
A member of Standard Chartered Group

Financial Planning & Analysis

Cardiff **c. £30,000 + Car + Banking benefits**

Chartered Trust is a leading UK finance house which provides a range of financial services to personal and business customers. The company has ambitious plans to develop its already strong position in its chosen sector. The company is a wholly owned subsidiary of Standard Chartered PLC.

Following an internal promotion they now seek to appoint a Financial Planning Manager. This role has responsibility for the preparation of all of the company's strategic and financial plans, including budgets and monthly forecasts. In addition there will be project work relating to all aspects of the company's operations.

Suitable candidates will be graduate, qualified accountants with up to 5 years' post qualification experience. A commercial approach and good interpersonal skills are essential to deal at director level and establish personal credibility. Whether from public practice or industry, you should be able to demonstrate experience of non routine, commercial work and, ideally, planning.

This is an important development role for the company and prospects are excellent within the organisation. Relocation assistance will be offered where appropriate.

Interested candidates should forward a detailed CV, including current salary details and a covering letter outlining why you meet the above criteria to, Keith *Evans, Regional Manager, Michael Page* Finance, 29 St Augustine's Parade, Bristol BS1 4UL. Please quote ref 162677.

Michael Page Finance
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London Bristol Windsor St Albans Leatherhead Birmingham
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International Money and Securities Broking

A highly successful, City-based worldwide money and securities broking company is looking for a derivatives broker with proven experience of Japanese markets.

Fluent in both English and Japanese, you must be familiar with Japanese business culture. A graduate, preferably in a business-related discipline, you should also have relevant product knowledge coupled with a sound understanding of the money markets.

If you can meet this demanding specification, please send your full cv to Box B1920, Financial Times, One Southwark Bridge, London SE1 9HL

Project Accountants

We have a number of positions available for qualified or part qualified accountants with experience of major international Oil and Gas Projects.
We have an urgent requirement for the following people.
Senior Qualified Auditors/Internal Control,
London area based.
Qualified Accountants for Russia based. Must be bi-lingual.
accountants experience/exposure and computer knowledge.
Knowledge of JDEdwards system should be a bonus.
For the Russian positions there is a strong preference for Russian speakers.
Please send your CV, stating availability & salary required as soon as possible.

RUST RESOURCES LTD
Keeley House, Keeley Road, Croydon, Surrey CR0 1TE
Telefax No: 081-649 8891

Financial Controller C24K Nr Croydon

Logix (UK) Ltd is an expanding computer distributor with £1.5m turnover and part of the £28 billion Lucky Goldstar Group. We require a dynamic Financial Controller to occupy a key management position in both an operational and strategic role. Experience in computerised accounts essential.

Phone 081-763 2888.

Senior Management Accountant / Internal Auditor

Professional control in a professional charity

£31,000p.a.

Help the Aged is a professional charity working for elderly people in need. Currently, we raise some £35 million per year, which makes us one of the UK's top ten fundraising charities. Our activities are diverse and complex.

Reporting to the Financial Director, you will be responsible for the strategic direction and day-to-day control of the internal audit and management accounting functions. This will involve providing advisory, planning and analysis services to the Board, whilst also investigating financial systems and procedures throughout the organisation and recommending improvements.

You must have at least eight years' accountancy experience in the profession and/or in business, including three or more years' post-qualification. Experience of Internal Audit and Management Accounting will be essential. You should also have good systems, planning and leadership skills plus the credibility to influence senior managers and directors.

Please send your full c.v. to Colin Mitchell, Personnel Director, Help the Aged, St.James's Walk, London EC1R 0BE. An equal opportunities employer. Non-smoking offices. Closing date for applications, 6 December 1993.

Help the Aged

ARTHUR ANDERSEN

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"Outstanding Opportunities for Outstanding Individuals"

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Reading/Bristol **Exceptional Package**

The distinctive image Arthur Andersen has in the market place is well founded. The firm's world renown for innovation, quality and excellence is demonstrated by its continued, outstanding growth.

Much of the success can be attributed to investment in the recruitment and development of high calibre individuals. Growth in the practice has created a rare opportunity for exceptional individuals to join the firm at manager level.

In addition to your responsibility as an Audit Manager with a client portfolio, it will be an essential part of your role to act as a business adviser. You will find yourself consulting on a whole range of matters, from acquisitions and mergers to franchise applications and stock exchange listings. This is an ideal opportunity for ambitious professionals, who have genuine partnership prospects, to work within a dynamic environment on complex challenging clients.

You should be a graduate chartered accountant who can demonstrate a strong academic background, superb interpersonal skills and clear development potential.

You will probably have a background approximating to four years PQE, of which 2-3 years have been spent as a Manager. During this period you will have ideally gained a broad range of industrial and commercial experience and exposure to clients (including listed companies) with turnover in excess of £50 million.

Perhaps you have already moved to industry or have been thinking of leaving the profession. Either way we would like to challenge you to consider a career with Arthur Andersen as an exciting opportunity open to you.

If you are interested in applying, please send a comprehensive curriculum vitae, in strict confidence, to **Chris Nelson at Michael Page Finance, Page House 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

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Moscow

US $70,000-90,000 Tax Efficient + Bens

Senior Finance Managers (x2)

The Company

As a world leader in Telecommunications this client is able to offer a unique challenge in its Russian operations. The organisation initiated Russian business development in 1989, current investment is more than $40 million and projects under active consideration exceed $300 million. Their presence and influence in Russia continues to grow making them one of the most successful Western investors in the region. Their achievements to date coupled with their vision for the future provides the foundation for further growth.

The Roles

Your task is to introduce model's of Western excellence in finance and accounting into new business start-ups. You will create a blue print for financial best practice throughout the organisation covering management reporting through debt collection to balance sheet controls. You will guide Russian staff through systems implementation and development and supervise the running of the department (30/20) staff. Within 12-18 months you will hand over to a Russian Finance Director and move onto other joint venture projects.

The Candidates

A proven record of successful financial change management is essential and previous experience in a consultancy or project role would suit. A recognised accounting qualification is preferred for both positions. However more important is the energy, motivation and resilience to operate in relatively unsophisticated environments. It is an ideal opportunity to fully utilise your managerial and technical expertise. Candidates who have worked in Eastern Europe and/or have a knowledge of Russian are encouraged to apply.

Please send your full CV and covering letter to the address/fax below quoting ref. FT2111.

ANTAL INTERNATIONAL
Executive Recruitment

Riverbank House • Putney Bridge Approach • London SW6 3JD
Tel: +44 (0) 71 371 9191 • Fax: +44 (0) 71 731 8160 (24 hrs)

Pitney Bowes

EUROPEAN AUDIT MANAGER

Harlow, Essex **c£40,000 + car + benefits**

Pitney Bowes is the market leader in advanced electronic mailing systems. With a turnover in excess of $3billion, the company plans for increased market share and is committed to continued growth and profitability throughout Europe in 1994. Expansion will be targeted towards acquisition in Western Europe where the review team will function in an advisory and strategic capacity, developing new business with commercial and operations managers.

The company now needs an exceptionally strong manager in Europe, responsible for a high calibre team of young accountants. Contributing significantly to growth in Europe, it is expected that this role will focus on promoting the value of the team, conducting assignments and special projects to assist European management with their market objectives. The team will evaluate the viability of operational recommendations, reviewing systems, controls and efficiency whilst retaining close links with the US Corporate function. A degree of travel will be necessary but will not exceed 35%.

The ideal candidate will have already gained some European exposure within a multi-site environment, offering proven managerial and communication skills and the ability to interface at the highest level of management. Commercial and pro-active, you will be aged under 40 years, qualified ACA or MBA, with a minimum of 5 years experience in industry. The ability to communicate in a second European language would be desirable, although not essential. The company offers an attractive benefits package, including non-contributory pension scheme and 30 days holiday.

WARWICK McLINTOCK

SEARCH AND SELECTION
SUITE 2, EBC HOUSE, KEW ROAD, RICHMOND, SURREY TW9 2NA
TELEPHONE: 081-940 4900 FACSIMILE: 081-940 6524

Outstanding opportunity for a dynamic finance professional

Finance Director

City **c.£70,000 + share options**

Our client is the fastest growing UK based consulting and I.T. services company. Sustained expansion and an enviable profits record underpin its strong position in the financial services sector.

To assist its ambitious strategy for growth the company now wishes to appoint a Finance Director to join the Board. Supported by a team of ten you will have full responsibility for managing and developing the finance and operational support functions.

This will include management accounting, financial reporting, international tax planning, treasury and cash management, personnel, internal administration and systems development. Additionally, you will make a critical contribution to managing organic growth, to implementing acquisition strategy and to preparing the company for flotation.

A graduate Chartered Accountant aged 33-38, you will have a strong academic background and will have trained with a Big Six accountancy firm. Your recent technical experience will include involvement in funding and corporate finance. Experience of proactive financial management and systems development, preferably gained within an I.T./software/consultancy environment, will be vital.

Intellectual ability, technical competence, business acumen and proven man-management skills are essential, as is the energy to drive the momentum for change. You must be able to demonstrate exceptional achievement in your career to date and the ability to thrive as part of a young, dynamic executive team. This role combines real opportunity to contribute to the expansion of the business with superb career development and challenge potential.

Interested candidates should write to BBM Associates Ltd (Consultants in Recruitment) at 76 Watling Street, London EC4M 9BJ quoting reference 346, enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653 Fax: 071-248 2814

Finance Director

West Yorkshire **£45k Package + Car**

This £25m fast growing manufacturing business is a subsidiary of a high profile Group. Its major activity is the design and production of packaging materials for the Food Industry. With an extensive Blue Chip customer base, it has built its reputation on customer service, innovation in new product design and process development. A target driven, commercially orientated finance professional is now required to join the executive team.

The Role

- Raise profile of finance across the business, bringing an influential, pro-active and commercial approach to the decision making process.
- Enhance the quality and presentation of reporting procedures through a TQM philosophy to management practices. Improve computer systems where necessary.
- Lead, motivate and develop small Accounting and Purchasing team, implementing change as required.
- Report to Managing Director. Play a strategic role within the executive team, assist in the continued improvement of business performance.

The Candidate

- Qualified accountant, graduate calibre. Age 30's with a proven track record gained in a fast-moving, manufacturing environment.
- Self-motivated achiever, with strong commercial awareness, able to work to strict and often demanding deadlines, plan strategically whilst maintaining tight controls.
- Talented man-manager with a demanding yet supportive style, capable of nurturing and developing team.
- Excellent communicator, able to gain respect and influence at the Board level.

Please apply in writing, enclosing full CV, quoting reference number LBA/157.

LB LAWRENCE BARNETT ASSOCIATES
FINANCIAL & EXECUTIVE SELECTION

Metropolitan House, City Park Business Village, 20 Brindley Road, Manchester M16 9HQ.
Tel: 061 - 877 4439 Fax: 061 - 877 6708.

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wigwam

DIRECTOR OF FINANCE

... a special opportunity for a high calibre achiever

c £55,000pa, benefits+share options

North London

As MD of a growing multimedia information network, I am looking for an experienced qualified accountant to join my creative, open-style senior management team.

I need someone with an impressive blend of financial and accounting skills, managerial flair and personal presence. You will probably be a graduate and may also have an MBA. During your career you will have acquired particular expertise in system specification and implementation as well as business planning.

You will need to establish efficient business and accounting systems to handle Wigwam's large customer base. You will be responsible for financial reporting, treasury and administration. You will develop your finance team and will work closely with me, together with our corporate finance advisers, in raising additional funding.

Wigwam Information plc was established in 1992 and now employs thirty people. Over the past year we have developed state of the art PC and central computer software which will enable residential property professionals to offer enhanced levels of service to their customers.

My previous successful company, Inter-City Paging Ltd, grew rapidly through the 80's based on high quality service to its customers whilst providing a challenging and stimulating environment for its staff. I intend that Wigwam should be even more successful!

If you are looking for a career move to a company where you can make a significant contribution and believe that your enthusiasm and talents will enable you to be a key part of our future success, then please write to me personally:

Daniel Nabarro, Managing Director, Wigwam Information plc, 930 High Road, London N12 9SA. Fax: 081-343 8521

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Die Hoskyns Group Deutschland GmbH ist die deutsche Holdinggesellschaft der englischen Hoskyns-Cap Gemini Sogeti Gruppe. Sie erbringt für die in ihrem Marktsegment führenden Unternehmen Programm Standard Computersysteme GmbH und Technodata Informationstechnik GmbH umfangreiche Dienstleistungen – vor allem im Finanz- und Rechnungswesen.

Für die **Leitung der Abteilung Finanzen/Gehaltsabrechnung** (derzeit 9 Mitarbeiter) suchen wir eine/n

Controllerin/Controller

Ihre Aufgaben im einzelnen:

- Aufbereiten des Zahlenmaterials für das Management Account, Konsolidierung der Zahlen und deren monatliche Meldung nach England.
- Erstellen von Forecasts, Budgets und ad hoc-Management-Informationen.
- Cash-Management.
- Laufende Kontakte zu Wirtschaftsprüfern, Steuerberatern und zu Rechtsanwälten sowie zu unserer englischen Muttergesellschaft.
- Aktive Mitarbeit im Management unserer operativ tätigen Tochtergesellschaften.
- Gehaltsabrechnung.

Für diese anspruchsvolle Position benötigen Sie ein abgeschlossenes betriebswirtschaftliches Studium und einige Jahre Berufspraxis mit vergleichbaren Aufgaben. Sie haben Erfahrung in der Arbeit mit PC und Lotus-Spread-Sheets, kennen die deutschen und englischen Rechnungslegungs-Vorschriften und beherrschen die deutsche und englische Sprache in Wort und Schrift.

Entsprechend interessant sind die Konditionen einschließlich Tantieme und Firmen-Pkw. Als berufliche Perspektive bieten wir Ihnen die Möglichkeit zum Aufstieg in einem internationalen Unternehmen.

Ihre kompletten Bewerbungsunterlagen richten Sie bitte direkt an Herrn John Fenningworth im Hause Hoskyns Group Deutschland GmbH.

HOSKYNS
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Hoskyns Group Deutschland GmbH
Maichingen · Otto-Hahn-Straße 16 · 71069 Sindelfingen
Telefon (07031) 3001-212 · Telefax (07031) 3001201

INTERNAL AUDITOR

SALARY TO £30,000 + BANKING BENEFITS

CITY BASED

An overseas international Bank is looking to recruit an Internal Auditor for the London Branch.

Reporting to the Chief Auditor in Head Office, you will be responsible for undertaking Scheduled Internal Audits of all banking operations covering Loans, Trade Finance and Treasury Products.

The ideal candidate must possess the ability to work without supervision and be able to meet deadlines.

You will need to be a Chartered Accountant with at least 3 years post qualifying experience, ideally gained in the financial sector.

If you have the experienced and ability we are looking for, please apply in writing with full CV to

Box B1922, Financial Times,
One Southwark Bridge, London SE1 9HL.
Closing Date: Friday 10 December 1993.

Financial Accountant

Buro Happold, a well established medium sized international professional civil and building engineering consultancy practice with headquarters in the beautiful Georgian world heritage City of Bath, seek a Financial Accountant.

The practice is organised as a partnership and several limited companies. The Accountant will report to the Finance Partner and will be responsible for the development and operation of the financial accounting and project costing systems throughout the firm.

Age is not important but it is expected that applicants will have at least five years experience in a position of responsibility, preferably in a similar type of work environment. First hand knowledge of budgeting and financial planning, appropriate cost control techniques, the preparation of monthly management and final accounts and computerised systems is essential. The position is pensionable and the salary negotiable, dependent upon qualifications and experience.

Applicants interested should write with full cv to:

Roderick Macdonald
Buro Happold
Camden Mill
Lower Bristol Road
Bath BA2 3DQ

Tel 0225 337510

APPOINTMENTS WANTED

FINANCE DIRECTOR

FCCA, Economics Degree, extensive PLC experience including flotation, rights, take-overs etc. "Dirty hands" manager, Semler convert with wide knowledge of Welsh economy and extensive contact network seeks interesting director or advisory roles on short term or project basis. Professionalism and integrity hopefully no bar to having fun too!

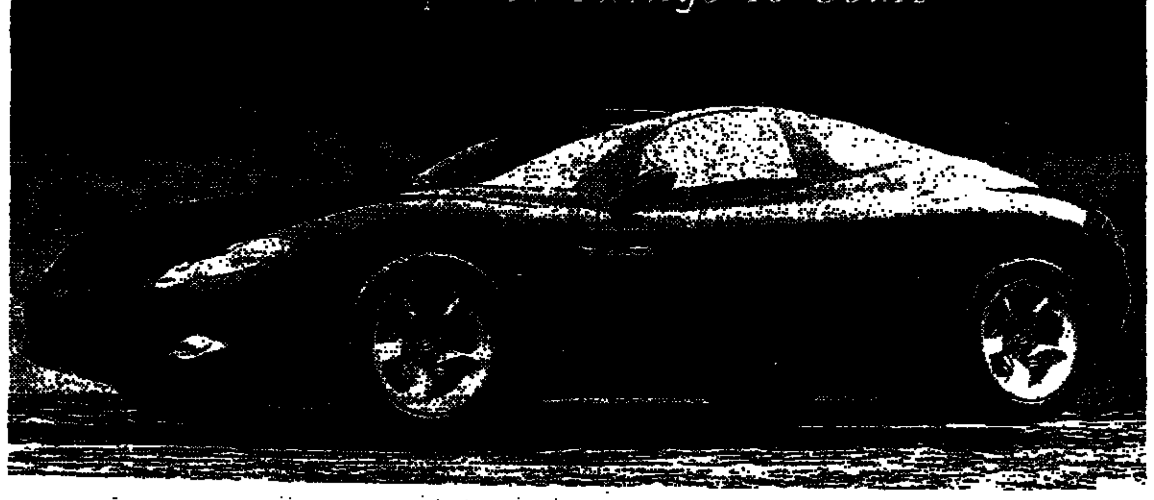
Write to Box B1910, Financial Times, One Southwark Bridge, London SE1 9HL

ND POWER

to proceed.
In the Ukraine, unable and Electricité de France, told the

HYUNDAI

The Shape Of Things To Come



FINANCIAL MANAGEMENT
Thames Valley

Lex plc have recently acquired a majority interest in the UK franchise of Hyundai cars. They are making a £multi-million marketing commitment and supporting their investment by establishing an operational and management base which can exploit the perceived potential. These appointments represent part of this process. The common requirements are for people with strong intellect, good communication skills and a commitment to meeting objectives. The opportunities for growing within the job and for longer-term career progression are exceptional.

Financial Controller
to £45,000 + car

This key position reports to the Finance Director. The person appointed must be a qualified accountant and have had experience of managing staff in a customer-orientated business with strong financial disciplines. The ability to manage change is important since he or she will need to develop the resources of the department to meet the new reporting requirements of local management and the parent company. Preferred age - early 30's. Ref.1743/FT.

Planning Accountant
to £30,000 + car

This is an ideal "green field" opportunity for a recently qualified accountant to make an influential contribution at an important stage in the company's development. He or she will be required to devise and operate new planning/forecasting systems for financial and operational management. Direct experience is less important than a sustained high-achiever's track record and the ability to combine a keen attention to detail with a sense of commercial realism. Age late 20's. Ref. 1744/FT.

Please write with full cv, including salary history and daytime telephone number, quoting the appropriate reference to Dick Phillips ACIS, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter

Selection Consultants

EXCITING RETAIL OPPORTUNITY

Head of Finance **to £40K, plus car, bonus**

Our client is a successful, rapidly expanding fashion accessories company with customers throughout the UK and internationally. Location, London.

This new appointment, reporting to the Managing Director, will complete the highly able and entrepreneurial management team. It is an ideal opportunity for a young energetic controller to make a major contribution toward the development of the company early in his/her career.

Candidates, aged probably in their early thirties, are to be qualified accountants with a proven record of success gained ideally in the retail sector. Strong interpersonal and management skills and the commitment to a challenging and enjoyable environment are essential qualities.

Please reply quoting Ref No 2035, to Selection Division,
Waggett & Company IIC, 5 Clifford Street, London W1X 2BX.
Tel: 071 494-2551, Fax: 071 439-0222

WAGGETT & COMPANY IIC

Executive Search Worldwide

Royal College of Nursing of the United Kingdom

Finance Director

Salary c. £50,000. Generous conditions

This is an outstanding opportunity for a suitably qualified accountant to join the top management team of the Royal College of Nursing, the major professional organisation for nurses in the UK.

Reporting to the General Secretary, the person appointed will be expected to show high levels of professional and technical competence in assuming responsibility for the RCN's finance department and computerised information service. The post offers an exceptionally wide range of duties including the recruitment and direction of staff, administration of the computerised membership records, management of investments, preparation and publication of annual accounts and service management responsibilities.

The RCN is a successful and developing organisation. The Finance Director plays a key role in implementing *these developments and* in providing investment advice and directing purchasing policies. This offers genuine scope for influencing the RCN's work by using your skills in an innovative and creative fashion.

Applicants should be able to demonstrate real achievement and sound experience in the fields of finance, management, investment and information technology and be able to show empathy for the work of the RCN. The position, based in London, manages staff in both London and Cardiff and will involve some travelling.

For further details and an application form, please contact John Humpston, Personnel Director on 071-872 0840 ext. 273, or write to the Personnel Department, Royal College of Nursing, 20 Cavendish Square, London *W1M 0AB*, quoting ref: *RCN/1545. Closing date for* applications: 6th December. Interview date: 22nd December 1993.

ROYAL COLLEGE OF NURSING

The RCN is committed to equal opportunities and welcomes applications from job sharers.

POSITIVE ABOUT DISABLED PEOPLE

YOU CAN ADVERTISE YOUR SKILLS IN THE
***FINANCIAL TIMES* RECRUITMENT PAGES FROM AS LITTLE AS £84 + V.A.T.**

Looking for a Career Change?

FOR FURTHER DETAILS PLEASE CONTACT PHILIP WRIGLEY ON
TEL: 071-873 3351 FAX: 071-873 3064
OR BY WRITING TO HIM AT *FINANCIAL TIMES*, RECRUITMENT ADVERTISING,
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL

Broomleigh Housing Association established in 1992, manages more than 12,000 homes in and around Bromely. We are committed to strengthening our management and administration teams with first class people to help us deliver a high quality, locally responsive housing service to our tenants.

Financial Accountant

£27,000 – £32,000 (under review)

Broomleigh, a new organisation, has within *18 months* won *a sound reputation in the* Housing Association Sector as a progressive organisation in customer service, staff development and quality financial management.

We wish to appoint a Financial Accountant who has at least five years experience in a fully computerised, commercially driven organisation.

We see this as a career move for a bright, dependable, competent professional with the necessary credentials to manage 14 staff, a loan portfolio of £120m and an annual cash *flow of £100m.*

Reporting to the Financial Director your focus must be to deliver accurate financial services always to deadline. This extremely responsible role also requires the provision of advice to Senior Management.

For an information pack please telephone 081 663 0747 or write to the Personnel Department, Broomleigh Housing Association, 1 Copers Cope Road, Beckenham, Kent. BR3 1NU.

Closing date for applications 10th December 1993.

Broomleigh Housing Association is working *towards Equal Opportunities* in all areas of its work.

BROOMLEIGH
Housing Association

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones
on
071 873 3199

Andrew Skarzinsky
on
071 873 3607

FINANCIAL CONTROLLER

Full Family Expatriate Package
Papua New Guinea

Our client is a highly successful division of a globally recognised, major multinational PLC. Based in West New Britain, Papua New Guinea, a key role for a commercially experienced accountant now exists within a major subsidiary of this division.

Reporting to the Managing Director, the appointee will be responsible for:

- Financial management, accounts and internal control including budgeting, management and statutory reporting.
- Motivating and leading a multi-cultured team.
- Close liaison with commercial operations and financial institutions.

To be considered for this role you should:

- Be a Qualified Accountant, commercially experienced and able to work independently at different levels.
- Have strong systems and computer awareness.
- Possess excellent verbal and written communication skills.
- Be aged over 30.

Interested applicants who seek an opportunity for genuine autonomy are invited to apply.

Please reply in writing, enclosing a full CV to Sheldon Paule at the address below:

ANTONY DUNLOP ASSOCIATES
Hanover House, 73-74 High Holborn, London, WC1V 6LS.
Tel: 071-430 2220 Fax: 071-404 2199

CORPORATE FINANCE / M&A

Newly qualified ACA c.£25-28k+Banking Benefits

Our Client is a leading European Bank. Due to a continuing commitment to M&A activities, a vacancy has arisen at executive level.

This is a unique opportunity to join a top flight M&A team, and gain direct exposure to transaction experience from day one.

Corporate culture demands a proactive approach which will be encouraged and guided to ensure transaction success and subsequent career advancement.

You will be a newly/recently qualified ACA, aged 24-27, who can demonstrate a commitment to a career in corporate finance through special work or audit assignments. Alternatively you may already possess corporate finance experience with a major bank and are now looking for a bank which will allow greater responsibility.

European languages, with French and German being preferred, are essential.

For further information please call Julian Davey on 071-438 9285. Or write to him, at The Zarak Hay Partnership, 6 Broad Street Place, Blomfield Street, London EC2M 7JH.

THE ZARAK HAY PARTNERSHIP

FINANCE DIRECTOR

SECURITY SERVICES GROUP - SURREY

This challenging career opportunity will appeal to an ambitious finance professional, seeking to play a significant role in the development of a dynamic business.

Our client's plans for a substantial investment and acquisition programme, which includes an early Plc float, have resulted in the decision to appoint an experienced small/medium Plc finance director.

Key responsibilities will include financial accounting, strategy and planning, budgeting, treasury, liaising with brokers/professional advisors and internal controls.

The candidate will be an exceptionally able, qualified accountant (FCA/FCCA), aged 35-45 who is computer literate and with proven success at managing growth, strong commercial skills and a dynamic disposition.

Salary package is by negotiation, but unlikely to be less than £40,000.

Written applications with full CV to:

Julie Allen,
Morgan Connect Limited,
82 St John Street,
London
EC1M 4JN

MORGAN CONNECT LIMITED

A Home In A Country

REFUGEE HOUSING

Finance Director *c.£35,000 package*

Bosnia, Somalia, Central Europe; the location may change but the effects are always the same – people fleeing violence, torture, persecution and intimidation.

REFUGEE HOUSING is a newly created and rapidly expanding London based organisation providing supportive accommodation for refugees, with approx. 1000 homes nation-wide. Clearly with many thousands of refugees seeking help every year there is a need for a rapid expansion in our services

As Finance Director you will fulfill a key role in the management team where your corporate finance skills will be stretched as you participate in the strategic, financial and corporate management of the organisation.

Commercial astuteness and social awareness will drive you in an environment where your experience in the negotiation of funding arrangements will be crucial to future success. Success will be measured by the expansion and efficient delivery of a quality service.

If you have the desire to succeed and can make a significant contribution to an organisation intent on growth, we would like to hear from you.

To receive further information and an application form please contact our consultants Philip Callan or Cameron Brook at PCA Recruitment, 61 Heath Street, London NW3 6UG. 071-435 1107.

The closing date for returned applications is 9th December 1993.

REFUGEE HOUSING is committed to the delivery of equal opportunities.

PCA
Recruitment

EXPERIENCED ACCOUNTANTS - CZECH SPEAKERS

International Management Engineering Organisation offers long term contract to Experienced, qualified accountants: Should be fluent Czech speakers with excellent communication skill and ability to independently build complete large company accounting systems. Soonest availability necessary.

Please contact Anne Carthy on Friday November 26th,
on Netherlands: 31-2503-50700, or forward your curriculum vitae to:
ID Ref: AC/FT/2393, Litchfield Associates N.V.,
Kruisweg 825A, 2132 NG Hoofddorp, Netherlands, Fax: (31) 2503 26737

NB POWER

to proceed.
In the Ukraine, unable and Electricité de France,